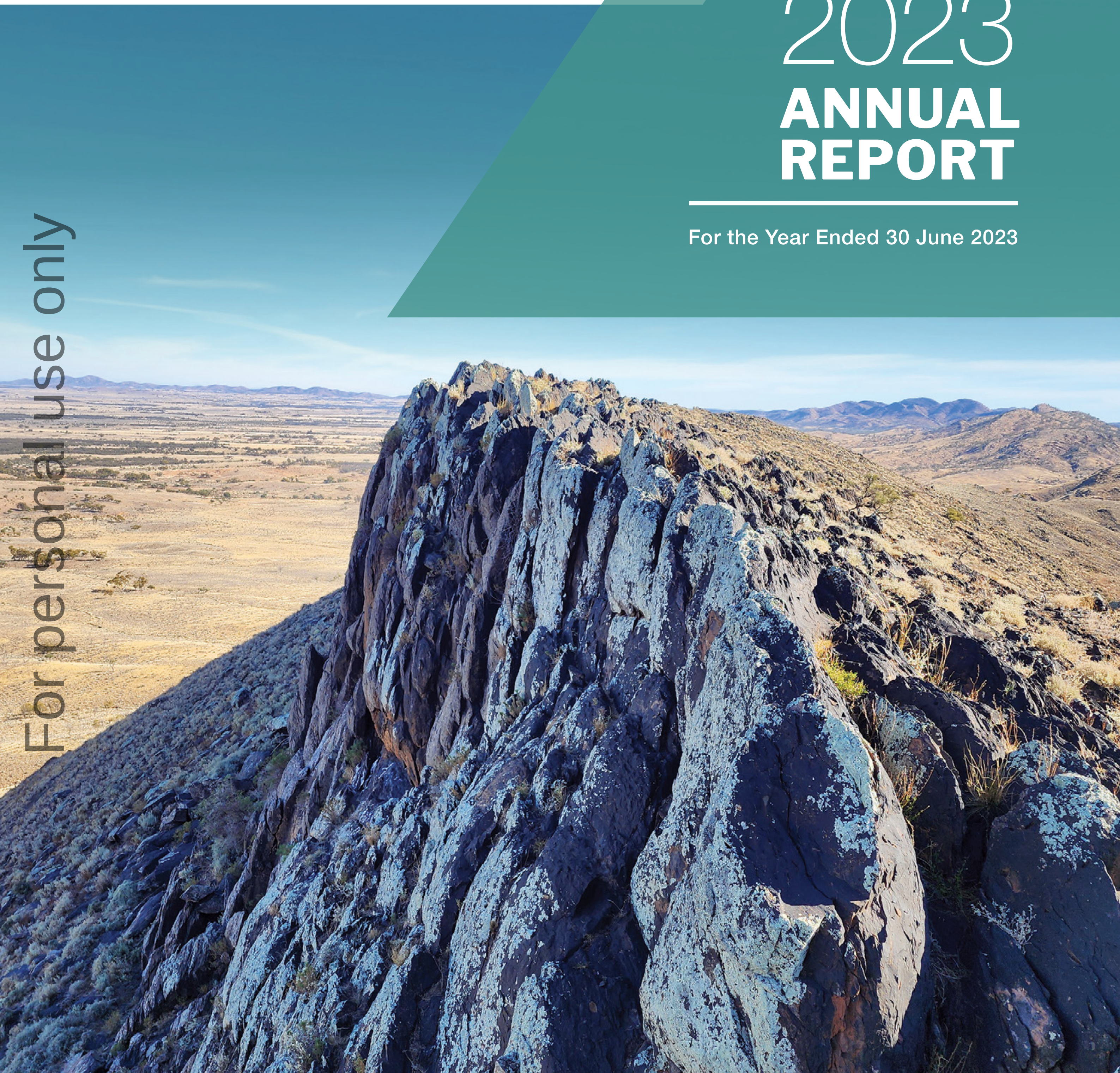
MAGNETITE MINES

2023 ANNUAL REPORT

For the Year Ended 30 June 2023



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Corporate Directory

Directors

Mark Eames
Chair of the Board

Peter Schubert
Non-Executive Director

Jim McKerlie
Non-Executive Director

Paul White
Non-Executive Director

Simon Wandke
Non-Executive Director

Dr Carmen Letton
Non-Executive Director

Company Secretary

Inthu Siva

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Stock Exchange Listing

Australian Securities Exchange Ltd

ASX Code

MGT

Statement from the Chair

Dear Shareholder

It is a privilege to deliver my final statement as Magnetite Mines' Chair and report on the significant and positive progress delivered by the Company during the year in review.

Magnetite Mines' transformation over the past 12 months was set in motion by the strategic decision to redefine the Razorback Iron Ore Project in response to structural shifts taking place in the global steel industry.

The transition from coal-based blast furnace steelmaking to renewables-based electric arc furnace steelmaking, increasingly acknowledged as the industry's most viable decarbonisation pathway, will require new, large-scale sources of Direct-Reduction grade ("DR-grade") iron ore products, such as those that will be produced at Razorback. The shift in scale and scope of the Razorback Project, now configured to produce DR-grade concentrates at an initial rate of 5Mtpa, has been designed to maximise the value of our flagship project as an essential upstream supply component of sustainable, low-carbon steelmaking.

The viability of the new Razorback Project scope was confirmed by Optimisation Studies that were completed as planned in March this year. This work included substantial further metallurgical testwork for which over eight tonnes of diamond core ore samples were submitted, sourced from the 2022 drilling program across the Iron Peak and Razorback deposits. The results of the testwork were highly encouraging with the Hatch-designed process flow sheet consistently generating very high-grade concentrates containing 67.5 per cent to 68.5 per cent iron. Samples from the Iron Peak deposit were of notably high quality, producing concentrates containing as much as 70 per cent iron, well within DR-grade specifications, and exhibiting exceptional comminution testwork performance.

In parallel with the Optimisation Studies, the Magnetite Mine's team delivered a massive 418 per cent increase in Probable Ore Reserves at Razorback, from 473 million to 2 billion tonnes, including a maiden Probable Ore Reserve estimate of 362 million tonnes for the high-grade Iron Peak deposit. As a result, the focus of the Project is now prioritising Iron Peak ore early in the mine life with the majority of process plant feed for the first 10 years of operations now coming from Iron Peak. The entire Razorback Ore Reserves position has been delivered in just over two years, a testament to both the dedicated efforts of the team and the world-class nature of our flagship asset.

Other key elements of the Project were also progressed as part of the Optimisation Studies. GHD provided the design for a 275kV transmission line from a substation at Bundey, capable of powering the initial planned 5Mtpa operation, with capacity for expansion to a 10Mtpa operation. GHD also updated designs and cost estimates for the concentrate haul road, Hillgrange rail siding, accommodation and workshop facilities, as well as for three water supply options. Selecting and securing the most cost-effective, technically viable and sustainable water supply configuration is a key focus of the Company over the coming months.

Port options were also a key focus for the team, with the ability to export concentrates from the Upper Spencer Gulf to domestic and international markets being a key enabler for the Project's success. Early in 2023, the Company signed separate Memoranda of Understanding with GFG Alliance and Flinders Ports to support the assessments of concentrate export from one of three port options: the Port of Whyalla (GFG Alliance), Port Pirie and Myponie Point (Flinders Ports). In the final quarter of the financial year, the Company also signed a critical land access agreement covering the proposed development site for the rail siding, train load-out and associated infrastructure at Hillgrange.

The achievements of the year in review are a credit to the leadership of our CEO Tim Dobson, who joined the Company in August 2022. Tim has demonstrated

6 billion tonne Mineral Resource. 2 billion tonne Ore Reserve with access to existing rail & ports

Supportive SA government committed to 'green minerals' industry development

High-quality management team & board with extensive global mining experience

Advanced discussions with potential strategic JV-funding & offtake partners

an exceptional aptitude for stakeholder engagement, cultivating and deepening relationships with key stakeholders such as the Ngadjuri Nation, who hold Native Title rights over the Razorback Project area, the various South Australian government Ministers and agencies responsible for project approvals, and importantly, a wide range of potential strategic partners for the Project.

Tim's forward-looking, strategic mindset has been the driving force behind value-enhancing initiatives such as the Company's proprietary ESG framework '*foresight*' announced in late June. The term '*foresight*' underscores the Company's commitment to sustainable development and operations as well as best-practice corporate governance. These elements are critical, yet often underestimated, components of long-term value creation and essential for customer acceptance within a global supply chain such as iron and steel.

As recently announced by the Company, I am retiring as Chair and from the Board of Magnetite Mines. The Board's decision to elect Jim McKerlie as the incoming Chair delivers us a highly experienced and committed Board leader to guide the Company through the next phase of Razorback's development. Jim's extensive board and chairmanship experience, including with some of South Australia's best-known ASX-listed companies such as Drillsearch and Beach Energy, will be of invaluable benefit to both the Company and all shareholders.

Jim's appointment continues a period of transitioning and strengthening Magnetite Mines' leadership team, which has recently included the appointment of Dr Carmen Letton, a mining engineer and highly experienced industry executive, as a Non-Executive Director, and Simon Smith as incoming Chief Financial Officer. Simon is based in our Sydney office and brings to the Company extensive experience in capital management, resource project finance and commercial strategy, accrued over a 30-year career.

> **I am excited about the Company's future and reflect on the tremendous work our team has delivered to establish Razorback as a stand-out project on Australia's 'green iron' horizon.**

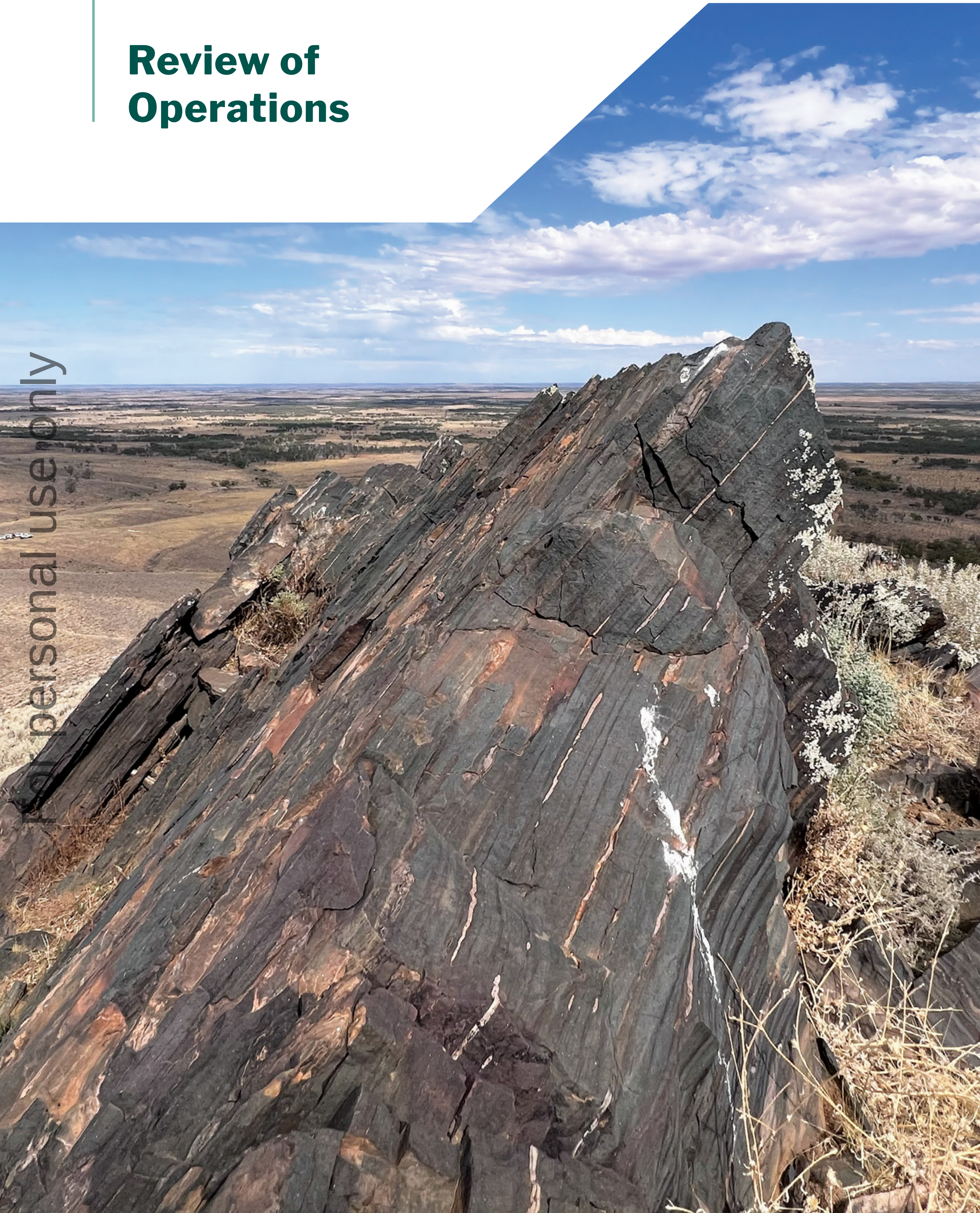
Reflecting on the four years I have been involved with Magnetite Mines, including three years on the Board, I am struck by the advances in the geological knowledge of the Company's holdings, the technical optimisation of the project, the strength of community linkages and the demonstration of potential shareholder value, I am also encouraged by the increasing interest shown by global steelmakers and other potential project partners in our development plans. Iron ore assets of the scale of Razorback, require commitment, expertise and time to bring to fruition, but offer tremendous potential for aligned shareholders. We now have a committed expert team and the Company is on the right track to deliver the sustained value that all shareholders are seeking.

In closing, I extend my sincere gratitude to every shareholder for their enduring support during my time as Chair. I am looking forward to sharing in Magnetite Mines' future successes as a significant shareholder and contributing to those successes in a technical consulting capacity.

Sincerely,

Mark Eames
Chair of the Board

Review of Operations



Magnetite Mines Limited ("Magnetite Mines" or the "Company") is pleased to provide an update on its activities during the twelve months ending 30 June 2023, a period marked by significant milestones, transformative shifts and the proactive management of new challenges.

CEO Succession

FY2023 commenced with a pivotal leadership transition. In August, Mr Tim Dobson assumed the role of CEO, injecting a wealth of experience and a fresh perspective into the organisation.[1]

Tim's tenure in senior executive roles, spanning continents and industries, has equipped him with a comprehensive understanding of strategic management, operational excellence, and effective stakeholder engagement. Under Tim's guidance, the Company has accomplished a number of significant and transformative milestones, which have put it in a strong position to capitalise on the opportunities arising from the rapidly growing shift to low-carbon iron and steel production. Furthermore, Tim's collaborative approach to stakeholder engagement has nurtured valuable relationships with local and state regulatory bodies, strategic partners, and prospective financiers.

The Razorback Iron Ore Project Redefined

In response to industry feedback and emerging market developments, on 13 September 2022 the Company announced its decision to increase the scale of the first stage of the Razorback Iron Ore Project to a minimum of five million tonnes of production per annum ("Mtpa") and to assess a number of other Project enhancements including the production of Direct-Reduction grade ("DR-grade") concentrates.[2] DR-grade iron ore products are a critical ingredient in low-emissions iron and steelmaking with demand expected to grow significantly as the steel industry transitions away from coal-based steelmaking. McKinsey & Company anticipates a 100Mtpa deficit in DR-grade iron ore supply as early as 2031.[3]

The Company's strategic shift to a larger-scale, staged development of the Razorback Iron Ore Project represents a compelling opportunity to capitalise on its substantial resource base and the favourable mineral processing characteristics of Braemar ores, which are conducive to the production of high-grade and DR-grade iron ore products. The Razorback Iron Ore Project's current Mineral Resource Estimate of over three billion tonnes, including two billion tonnes of Probable Ore Reserves, is based on a limited number of drilling programs.[4,5] The majority of the Project's 110km strike zone is largely underexplored. The Company has an additional three billion tonnes of Mineral Resources encompassing the highly prospective Ironback Hill and Muster Dam deposits located within 110km of the Razorback Project.[6]

Over the past year, several major Asian steelmakers have expressed a clear intention to make sizeable investments developing green iron 'hubs' capable of producing emissions-free iron products using green hydrogen as a reductant in place of traditionally used coking coal.[7] Both Western Australia and South Australia have been recognised as desirable locations for the development of

green hydrogen and 'green iron' manufacturing facilities given their abundant land solar and wind resources, existing mining and logistics infrastructure, stable regulatory environments, and vast reserves of magnetite deposits.

Magnetite ores from the Braemar Iron Formation are notable for being comparatively softer than magnetite ore from other iron regions including the Pilbara, **enabling grinding to finer grain sizes with significantly lower power intensities**.[8]
This fact combined with access to South Australia's energy grid, with 70% generation from renewable energy sources in 2022 increasing to 100% by 2030, provides a considerable low-carbon energy advantage for Razorback.[9]

> **Given the structural shifts taking place in the steel industry, the Razorback Project represents substantial strategic value as a potential upstream link in a globally competitive green steelmaking value chain originating in South Australia.**

Completion of Optimisation Studies

Magnetite Mines commenced Optimisation Studies in September 2022 to redefine the go-forward scope of the Razorback Iron Ore Project based on an initial production scale of at least 5Mtpa.[10] The Company was able to leverage much of the work undertaken in the 2.5Mtpa DFS initiated in August 2021 encompassing mine planning, process plant design, tailings dam design, site layout, power supply and logistics solutions. The Optimisation Studies were completed on time in March 2023.[11]

Leading engineering consultancy Hatch was re-engaged to lead processing and tailings-related studies, involving the reengineering and optimisation of the Project's processing plant and tailings storage facility to support the additional concentrate production. A key focus of the studies was the evaluation of equipment sizing to identify economies of scale benefits in both capital and operating costs. This included the assessment of alternative front-end crushing options and the investigation of opportunities for early-stage rejection of waste and low-grade material via dry magnetic separation.[11]

Initially, SAG milling was selected as the preferred primary grinding technology for the revised process plant configuration due to its small footprint, relative to other comminution infrastructure, and low technical risk.[11] However, subsequent investigations and analysis completed in the wake of Optimisation Studies uncovered additional advantages from using a combined High-Pressure Grinding Roll (HPGR) and ball mill configuration; as such, the Company has revised the plant's design to incorporate this latter configuration, which it deems to better align with the Company's operational, technical, and financial requirements.[12]

The revised process plant design has been complemented by an improved tailings storage facility (TSF). Two alternative tailings deposition methodologies were assessed, conventional medium-density wet tailings and the selected option of central thickened discharge, with the latter performing better in terms of capital cost, water recovery, smaller embankment size and environmental permitting risk.[11]

> **The increased scale of the Razorback Iron Ore Project, coupled with the prospect of further staged production expansions, has highlighted the need for flexible logistics solutions that can accommodate increased throughput via cost-efficient capital upgrades.**

The Optimisation Studies assessed a number of options for the bulk transportation of the Project's concentrate products including one or a combination of trucking, conveyor systems, rail haulage and slurry pipeline transportation. The studies confirmed that the most cost-effective logistics configuration for a 5Mtpa operation consists of trucking concentrate along a 55km haul road to an exclusive-use rail siding and spur line at Hillgrange followed by rail haulage along the Australian Rail Track Corporation (ARTC) controlled Crystal Brook-Broken Hill railway to a port on the Spencer Gulf.[11]

At higher production rates, however, the investment case for building a rail loop to the mine site to enable rail-only haulage becomes increasingly strong given the projected operating cost savings relative to the initial capital outlay. As such, the construction a dedicated rail loop to the mine site during a staged expansion of the Project beyond 5Mtpa of production is contemplated.[12]

During the 2022 DFS studies, GHD was engaged to design an electricity transmission line connecting the mine site to a substation at Bundey, 126km from the Razorback site, capable of accommodating the power requirement for a 2.5Mtpa operation.[13]

While several power supply options were explored during the Optimisation Studies, the 2022 design ultimately served as the blueprint for a revised power configuration consisting of a 275kV transmission line from Bundey and an 11kV substation at the mine site. The reconfigured transmission line can provide up to 400MVA of power, which provides ample expansion optionality and leaves open the possibility of electrifying materials handling activities at the mine site.[9]

The Company has now received in-principle confirmation of the Bundey offtake option and plans to commence the formal application process with network operator ElectraNet to secure connection into the renewables-weighted South Australian grid. The Company has since commissioned an updated Connections Options Report and cost estimate with ElectraNet to confirm the viability of offtake from the Bundey substation.[9]

Three technically and economically viable Project water supply options were costed during the Optimisation Studies: the construction of a pipeline from the Spencer Gulf; the construction of a pipeline from a Murray Basin saline wastewater disposal scheme; and the development of a borefield in the northern part of the South Australian section of the Murray Basin, each requiring a pipeline to the mine site.[11]

Selecting a go-forward water supply configuration that is cost-effective, sustainable and that carries low technical and approvals risk is a critical near-term priority for the Company. In line with this objective, in April the Company submitted a formal Unsolicited Proposal to the SA Government relating to access to the Murray Basin saline wastewater resource.[14]

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2022 Drilling Results Incorporated into Metallurgical Testwork

As part of its comprehensive suite of Optimisation Studies, Magnetite Mines commissioned additional metallurgical testwork based on new ore samples from the 2022 drill program (11 vertical PQ diameter and 6 inclined HQ diameter diamond drill holes) targeting prospective areas of the Razorback and Iron Peak deposits.

The testwork, undertaken by Bureau Veritas (assay, flotation, mineralogy), Weir Minerals (High Pressure Grinding Rolls or HPGRs), Loesche (Vertical Roller Mills or VRMs) and Eriez (magnetic separation), validated the ability of the Razorback Project's processing flowsheet to produce 5Mtpa of high-grade iron ore on a Life-Of-Mine (LOM) basis with the following attributes (weighted average for all flotation variability testwork) [8]:

Attributes	Life of Mine Concentrate Specification
Iron content (Fe)	**67.5 - 68.5%**
Silica & alumina (SiO_2 + Al_2O_3)	**3.6%**
Phosphorus content (P)	**0.02%**
Grind size (P80)	**38µm**

The testwork also confirmed the exceptional quality of the Iron Peak deposit. Designed by global engineering consultancy Hatch, the processing flow sheet as applied to bulk Iron Peak samples generated ultra-high grade concentrates containing 70%+ iron content and a combined silica and alumina level of just 2.6%.[8]

In addition to the higher mass recovery and high iron grades, Iron Peak also performs well with respect to specific energy requirements in processing with lower average abrasion and bond ball work indices compared to the wider deposit, and is significantly softer than several proposed greenfield magnetite developments in Western Australia. As such, Iron Peak has accordingly been prioritised in the Project's

mining schedule in order to maximise the mass recovery and product quality in the first stage of production. The Project will target the following concentrate specification, which meets the definition of DR-grade, in the initial production phase [8,11]:

Attributes	Initial Production Phase Target Concentrate Specification
Iron content (Fe)	**68.5%**
Silica & alumina (SiO_2 + Al_2O_3)	**<3%**
Phosphorus content (P)	**0.02%**
Grind size (P80)	**38µm**

Notwithstanding the above, in the next phase of studies, the Company will continue to assess the optimal product or combination of products targeted by the first phase of the Razorback Project based on market demand, customer feedback, cost considerations and other relevant factors to make an informed decision on product strategy. Importantly, the flowsheet has been designed with the flexibility to meet a variety of concentrate specifications.

Significant Increases in Probable Ore Reserves & Mineral Resources

The Optimisation Studies undertaken in FY2023 have supported a 418% increase in the Company's Probable Ore Reserves estimate from 473 million tonnes to 2 billion tonnes over the reporting period, including a maiden Probable Ore Reserve of 362 million tonnes declared for the high-grade Iron Peak deposit.[5]

The updated estimates, released in two stages in March and June 2023, were prepared by mining consultancy AMC Consultants and were derived from an open pit optimisation of the February 2023 geological and Ordinary Krigged block model incorporating Mineral Resources from both the Razorback and Iron Peak deposits.[5,15]

The total Probable Ore Reserve estimate was based on an 8% cut-off grade, which was significantly above the estimated economic break-even cut-off grade of 3.21% (eDTR).[5,15]

Probable Ore Reserves*	Tonnes Mt	eDTR %	Fe %	Mag %
Weathered	149	12.9	17.9	10.7
Primary	1,828	14.8	17.5	13.9
Total	**1,977**	**14.6**	**17.5**	**13.7**

**Ore Reserves are a subset of Mineral Resources and are quoted at an 8% eDTR (Mass Recovery) cut-off grade. Magnetite Mines Limited is not aware of any new information or data that materially affects the information included in the Ore Reserve announcement dated June 2023 and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply.*

The substantial increase in the Company's Ore Reserves position in FY2023 coincided with an increase in the Razorback Iron Ore Project's Mineral Resource Estimate to 3.3 billion tonnes with the Company's global Mineral Resources now at 6 billion tonnes.[4]

Underpinning the revised estimate is 503 million tonnes of Mineral Resources attributable to the Iron Peak deposit with an estimated mass recovery of 19.4%, validated in the recent metallurgical testwork program. The incorporation of the 2022 drilling data, particularly for Iron Peak, resulted in an average mass recovery across the Project's 3.3 billion tonne Mineral Resource of 16%.[4]

Classification	Million Tonnes (Mt, dry)	Mass Rec (eDTR%)	Fe%	SiO_2%	Al_2O_3%	P%	LOI%	Mag %
Indicated	1,680	15.9	18.4	48.0	8.1	0.18	5.5	15.0
Inferred	1,570	16.1	17.7	48.6	8.2	0.18	5.5	15.5
Total	**3,250**	**16.0**	**18.1**	**48.3**	**8.1**	**0.18**	**5.5**	**15.3**

All figures quoted at an 11% eDTR cut-off. Magnetite Mines Limited is not aware of any new information or data that materially affects the information included in the resource announcement dated February 2023 and all material assumptions and technical parameters underpinning the estimates in the relevant market announcement continue to apply and have not materially changed. The 8% eDTR utilised in the Ore Reserve differs from the Current Mineral Resource estimate which quotes an 11% eDTR cut off and is based on up-to-date mining assumptions.

There is significant upside to the Project's Mineral Resource Estimate from unexplored mineralisation within the tenement holdings. Within the wider Razorback Project tenement package, currently only ~30km of the available 110km of prospective Braemar Iron Formation strike has been explored. In addition, geological modelling supports the availability of mineralisation both at depth and along strike locally at the Iron Peak and Razorback deposits. The study team is currently considering further drilling and investigations targeting this upside.[16]

June 2023 Economic Update

Magnetite Mines provided an interim economic update released to the ASX on 9 June 2023.[12] The analysis incorporated the results of Optimisation Studies and was underpinned by the revised Probable Ore Reserve estimate for the Project.[5] A key result from the modelling exercise was the significant economic benefits provided by prioritising the Iron Peak deposit into the Project's mine schedule, which is particularly evident in the first ten years of mining activities.[12]

The financial analysis considered two cases: a Base Case, in which production was fixed at 5Mtpa; and an Expansion Option, in which production was expanded from 5Mtpa to 10Mtpa after five years. The key outcomes of the analysis are shown below.[12]

Physical Metrics	Unit	Base Case	Expansion Option
Concentrate production rate	dry Mtpa	5	10
Life of mine	Years	91	39
Mining rate (first 10 years)	Mtpa	57	91
LOM ore mined	Mt	2,268	2,268
LOM strip ratio	t:t	0.35	0.35
Nominal plant feed at scale	Mtpa	25	67
First 10 years yield (mass recovery)	%	19.8%	18.7%
LOM yield (mass recovery)	%	14.6%	14.6%
LOM concentrate produced	Mt	331	331

Financial Metrics	Unit	Base Case	Expansion Option
Value-in-use price premium[a]	US$/t	41	41
Value-in-use operating cost (62% Fe eq.)[b]	US$/t	46 – 55	39 – 48
Pre-production capital[c]	US$B	1.0 – 1.3	2.3 – 2.8

a. Value-in-use price premium is the forecast 2027 quality adjustment premium over and above the 62% iron ore index reference price as calculated by Wood Mackenzie for Razorback Project concentrate specification.

b. Value-in-use operating cost (62% Fe eq.) represents the total operating cost per tonne of concentrate produced for the first ten years of operations at scale, inclusive of freight, royalties, lease costs and sustaining capital, with the value-in-use price premium (see a. above) subtracted, enabling direct comparison with the benchmark 62% iron ore index reference price.

c. Pre-production capital represents the capital expenditure required to achieve production. For the Expansion Option, pre-production capital is the combined total for both initial and expanded production stages.

Financial modelling was deliberately conservative, incorporating adequate contingencies and acknowledging the recent inflationary cycle, while also reflecting emerging product price premiums for premium-grade iron ore products that are forecast to increase over the coming years as the global steel industry delivers on its urgent decarbonisation commitments. The results also do not include any further cost reductions or efficiencies identified during the subsequent value engineering process, which remains in progress at the time of this report.[12]

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Logistics Configuration De-Risking

In FY2023, Magnetite Mines made substantial progress in de-risking a viable logistics configuration for the first stage of the Razorback Iron Ore Project.

Memoranda of Understanding were signed with port operators Whyalla Ports (part of the GFG Alliance Group) and Flinders Ports in February and March, respectively, to progress commercial negotiations for port handling, shipping, and other services.[17,18] The port at Whyalla is an integrated iron products export facility located on the northwestern coast of the Spencer Gulf, approximately 200km from the Razorback site. It currently exports in excess of 9Mtpa of iron ore products and is the only port in South Australia able to export magnetite concentrates. GFG Alliance has confirmed that Whyalla Port has existing capacity for additional iron ore exports without the need for significant infrastructure development.[17]

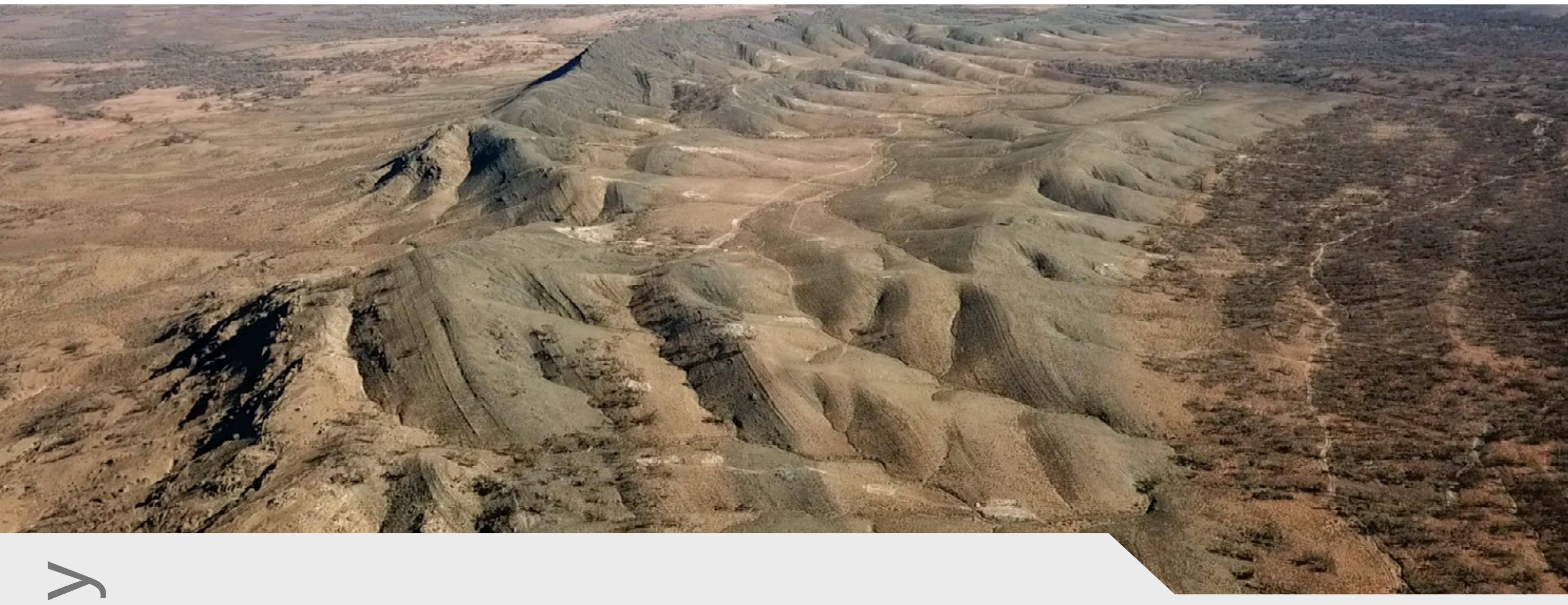
Flinders Ports owns and operates seven commercial ports in South Australia including Port Pirie, located 170km from the Razorback Project site. Under the MoU, Magnetite Mines and Flinders Ports have agreed to explore commercial solutions for the provision of storage and ship loading facilities that would meet the Company's requirements for exporting high-grade magnetite concentrates.[18]

Additionally, the parties plan to investigate the potential for co-investment in a multi-user, deepwater bulk commodities port at Myponie Point that would enable the direct loading of large volumes of concentrates onto large, Capesize bulk carriers at berth.[18] Such an arrangement may provide material cost and logistics benefits relative to other Spencer Gulf port options that justify the upfront capital cost associated with the venture.

> **In April 2023, Magnetite Mines announced the signing of a critical land access agreement covering the proposed intermodal facility abutting the existing Hillgrange Siding.[19]**

This access agreement enables the construction of a new rail siding, train load out and associated infrastructure, and provides for the development of a future spur line to the mine site under the Stage 2 expansion case.

The Australian Rail Track Corporation has confirmed that there are currently no impediments to the Company's planned development of the rail siding and spur line, and is undertaking rail capacity modelling to validate its initial assessment that there is existing haulage capacity to support up to 10Mtpa of concentrate.[19] The Company has generated internal cost estimates for rail haulage to Whyalla Port and Port Pirie which are supported by work undertaken by rail freight operator Aurizon.[16,19]



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Environmental Approvals and Preparation of a Mining Lease Proposal

During the year Magnetite Mines progressed a broad range of activities that are contributing to the preparation of a Mining Lease Proposal (MLP), which is the primary development application process for mining projects under the *Mining Act 1971 (SA)*. Multi-disciplinary environmental consultancy Eco Logical Australia, with which the Company has a longstanding working relationship, continued baseline characterisation studies and was commissioned to finalise all remaining work packages required to underpin a diligently-prepared MLP submission.[16]

A range of baseline characterisation studies were advanced in the reporting period, ensuring a robust platform on which impact assessment will be based. The comprehensive on-site works program through the FY2023 period included[16,20,21,22]:

- finalising the first 1.5 years of baseline groundwater and surface water quality sampling
- completed a stratigraphic and groundwater investigation drilling program to assess regional hydrogeological systems and quantify associated groundwater conditions, such as production yields and flow rates
- commissioned a series of bore loggers to assess regional groundwater recharge responses as a critical input into future hydrogeological modelling
- procured an investigation into regional aquatic ecology with leading specialist Lateral Environmental (works undertaken in August 2023)
- extended flora and fauna surveys to cover the revised tailings storage facility location
- commenced mine closure planning process

While minor additional baseline characterisation works may be required, the Company is preparing to commence the environmental impact assessment stage and complete the MLP preparation in readiness for submission in FY2024.[16]

The Company has actively developed relationships with an extensive range of state government representatives, including those from the Department of Energy & Mining, Department of Infrastructure & Transport, Department of Trade & Investment, Department of Treasury & Finance, Department of Environment & Water, Landscapes SA and the Environment Protection Authority.[16] Additionally, Magnetite Mines has presented the Project and associated 'green iron' opportunity to several key Ministers and other Members of Parliament. By fostering open lines of communication and cooperation with key government stakeholders, the Company aims to maintain government engagement and focus on the permitting and approvals processes necessary for the timely development of the Razorback Iron Ore Project.

Partnering Agreement with the Ngadjuri Nation

The Ngadjuri People are the Native Title holders, Traditional Owners and cultural custodians of the Razorback Project area, and for the majority of planned non-mining infrastructure corridors (i.e., haul road, transmission line).

Magnetite Mines views its relationship with the Ngadjuri People as critical to project success and is fostering a long-term partnership built on trust, mutual respect, transparency and opportunity. Crucially for the Company and the Ngadjuri People, Native Title rights were awarded on 6 July 2023 through their recognition as common law holders. This ensures that the Company is negotiating with a singular, recognised Native Title group.[16]

Over the past year, Magnetite Mines has routinely engaged with the Ngadjuri representative body, the Ngadjuri Nation Aboriginal Corporation, and has been actively progressing a voluntary Partnering Agreement as the 'foundation stone' for a respectful, productive and long-term relationship centered on the Razorback Project. The Partnering Agreement is anticipated to be finalised early in FY2024 and will support a collaborative approach for subsequent Project activities, including the negotiation of a Native Title Agreement.[16]

Further heritage surveys were completed in the reporting period, with Ngadjuri cultural heritage teams extending baseline surveys in the northwestern section of the Project area. An ethnographic survey was also completed in this period.[16,20,21,22]

Landmark MoU with the District Council of Peterborough

The Razorback Project site is located 80km east of the town of Peterborough, which is the closest significant community, a logical staging point for site access and likely employee base for future operations.

The Company's close working relationship with the District Council of Peterborough was formalised in a Memorandum of Understanding (MoU) announced in a Joint Media Release on 5 May 2023. The MoU underscores both parties' commitment to work collaboratively during the development of the Razorback Iron Ore Project with a focus on generating enduring social and economic benefits for the Peterborough community.[23]

In line with its commitment to support the Project's development needs, the Council has vocalised its intention to lobby the South Australian Government for financial and non-financial incentives directed towards the Peterborough community, its infrastructure, and its businesses as a means to facilitate and support the Project's development.[23]

Launch of ‘*foresight*’

The Company views robust and sustained ESG performance as an opportunity to pursue meaningful social and environmental objectives while underwriting long-term financial performance.

In June 2023, the Company proudly launched its bespoke sustainability platform ‘*foresight*’, the culmination of a months-long, company-wide initiative aligned with the Company’s commitment to best-practice corporate governance.[24]

> **‘*foresight*’ provides a framework for transparently evaluating the Company’s, and the Razorback Iron Ore Project’s, compliance with a range of principle and performance based voluntary initiatives intended to engender sustainable business practices in the mining sector.[24]**

These initiatives include alignment with the UN Sustainable Development Goals, adoption of the IRMA Standard for Responsible Mining and disclosure against the Stakeholder Capitalism Metrics. ‘*foresight*’ is intended to evolve in parallel with the development of the Razorback Project, ensuring that the Project is a leading example of responsible resource extraction, strong environmental and cultural heritage stewardship and stakeholder partnering at all stages of its lifecycle.[24]

foresight

Strategic Partnering

With a Base Case 5Mtpa initial capacity, the Razorback Iron Ore Project will be a significantly sized project, lending it to development in partnership with motivated offtakers and other investors.

Magnetite Mines has developed strong relationships, in some cases over several years, with a range of financial and technical parties that understand both the economic attractiveness of the Project as well as its potential to play a key, long term role in the broader decarbonisation objectives of the global iron and steelmaking industry. These parties include top-tier global steelmakers, trading houses, private equity groups, Australian and international banks, as well as advisers to sovereign wealth funds and export credit agencies.

> **Magnetite Mines is accommodating an increasing level of interest from major regional steelmakers who are actively seeking opportunities to invest in future 'green iron' hubs in locations that offer the potential for long term production of both high-grade iron ore products as well as 'green' hydrogen (produced using renewable energy).**

Accordingly, the Company has invited a number of parties to complete due diligence on the Project under appropriate confidentiality provisions, with several also undertaking site visits to the Razorback Project site to assess the scale, geology, environment, and nearby infrastructure.[14,16]

Corporate Update

In January 2023, Magnetite Mines confirmed the appointment of Dr Carmen Letton, a distinguished mining engineer and mineral economist with over 35 years of relevant industry experience, to the Board of Directors.[25] Carmen's appointment reflects the Company's continued drive to attract a diverse and talented pool of individuals capable of supporting the development of the Razorback Project and elevating the Company's profile as a leader in the evolution of 'green iron' and low-carbon steelmaking.

During the year, Magnetite Mines announced a change of company auditors to EY in Adelaide, and in June 2023 the Company announced that it had relocated its registered office in Adelaide to a new central city location.[26]

In early July, Magnetite Mines announced the appointment of Mr Simon Smith as Chief Financial Officer (CFO), replacing Mr Ian Kirkham who resigned as CFO and Company Secretary in April 2023.[27,28] Simon has extensive experience at both ASX and TSX listed companies and has successfully led the execution of capital raisings totalling over A$500 million, encompassing both debt and equity financing, as well as initial public offerings (IPOs). Simon commenced with Magnetite Mines on 4 September 2023.

Ms. Inthu Siva was appointed as Interim Company Secretary on 14 April 2023.[28] Ms Siva has been employed by the Company since 2010 and also holds the position of Financial Controller. Ms. Siva is an affiliated member of the Governance Institute of Australia and is a Certified Practising Accountant (CPA).

Summary of the Company's Global Iron Resource Estimates

Razorback Iron Ore Project (Razorback and Iron Peak Combined) *a4								
Classification	**Tonnes (Mt)**	**Mass Rec (eDTR%)**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Mag %**
Indicated	1,680	15.9	18.4	48.0	8.1	0.18	5.5	15.0
Inferred	1,570	16.1	17.7	48.6	8.2	0.18	5.5	15.5
Total	3,250	16.0	18.1	48.3	8.1	0.18	5.5	15.3

Results presented at 11% eDTR cut-off

Ironback Hill *b29								
Classification	**Tonnes (Mt)**	**Mass Rec (eDTR%)**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Mag %**
Inferred	1,187	-	23.2	44.4	7.2	0.21	5.4	12.9

Results presented with no cut-off

Muster Dam Iron Project *c6								
Classification	**Tonnes (Mt)**	**Mass Rec (eDTR%)**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Mag %**
Inferred	1,550	15.2	18.7	49.6	8.8	0.2	2.8	-

Results presented with 10% Mass Recovery cut-off

Combined Mineral Resource Estimate								
Classification	**Tonnes (Mt)**	**Mass Rec (eDTR%)**	**Fe %**	**SiO_2 %**	**Al_2O_3 %**	**P %**	**LOI %**	**Mag %**
Inferred & Indicated	5,982	-	19.4	48.1	8.2	0.2	4.8	-

Results presented as weighted averages of items A, B and C

Razorback Iron Ore Project, Ore Reserve *5				
Classification	**Tonnes Ore (Mt)**	**eDTR %**	**Fe %**	**Mag %**
Probable	1,977	14.6	17.5	13.7

Ore Reserves are a sub-set of Razorback Iron Ore Project Indicated Mineral Resource Estimate. All figures quoted at an 8% eDTR cut-off.

** The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements above, and in the case of estimates of Mineral Resources and Ore Reserves, that all material assumptions and technical parameters underpinning the estimates in the relevant market announcements continue to apply and have not materially changed.*
The Company confirms that the form and context in which the Competent Person's findings are presented have not been materially modified from the original market announcements. Tonnages and grades presented above are estimates of in-situ rock characteristics.

No new nor changes to existing Ore Reserves are applicable to this Mineral Resource Estimate Update.

References		
1.	23/08/23	ASX Announcement – Appointment of Chief Executive Officer
2.	13/09/23	ASX Announcement – Magnetite Mines Transforming to Meet Growing High-Grade Market
3.	18/04/23	“The resilience of steel: Navigating the crossroads”, McKinsey & Company
4.	09/02/23	ASX Announcement – Iron Peak Mineral Resource Significantly Improved
5.	09/06/23	ASX Announcement – Iron Peak Deposit Maiden Ore Reserve
6.	03/11/22	ASX Announcement – Muster Dam Mineral Resource Estimate
7.	03/03/23	“Japan’s top steelmaker eyes Australia for $1bn ‘green steel’ project”, Australian Financial Review
8.	28/02/23	ASX Announcement – Metallurgy Confirms Flowsheet and DR Pellet Feed Potential
9.	23/02/23	ASX Announcement – Renewable Grid Power for Razorback Project
10.	13/09/22	ASX Announcement – Magnetite Mines Transforming to Meet Growing High-Grade Market
11.	20/03/23	ASX Announcement – Optimisation Transforms Razorback Iron Ore Project
12.	09/06/23	ASX Announcement – Iron Peak Strengthens Razorback Project Economics
13.	23/09/21	ASX Announcement – Appointment of GHD to Razorback Definitive Feasibility Study
14.	01/09/23	ASX Announcement – Razorback Iron Ore Project Update
15.	22/03/23	ASX Announcement – Razorback Iron Project Ore Reserves Increase 340% - UPDATE
16.	26/07/23	ASX Announcement – Fourth Quarter Activities Report
17.	06/02/23	ASX Announcement – Magnetite Mines and GFG Alliance Sign Port Services MoU
18.	15/03/23	ASX Announcement – Magnetite Mines Signs MoU with Flinders Ports
19.	18/04/23	ASX Announcement – Razorback Iron Ore Project Rail Access Unlocked
20.	24/10/22	ASX Announcement – First Quarter Activities Report
21.	31/01/23	ASX Announcement – Second Quarter Activities Report
22.	27/04/23	ASX Announcement – Third Quarter Activities Report
23	05/05/23	ASX Announcement – Landmark Community MoU Signed for Razorback Project
24.	27/06/23	ASX Announcement – Magnetite Mines Launches *‘foresight’* Sustainability Platform
25.	25/01/23	ASX Announcement – Dr Carmen Letton Appointed as Non-Executive Director
26.	02/06/23	ASX Announcement – Change of Registered Office Address
27.	05/07/23	ASX Announcement – Change of Registered Office Address
28.	14/04/23	ASX Announcement – Resignation of Chief Financial Officer / Company Secretary
29.	20/11/18	ASX Announcement – Ironback Hill Deposit – JORC 2012 Resource Update

Director's Report

Director's Report

FOR THE YEAR ENDING 30 JUNE 2023

The directors present their report on the Consolidated Entity consisting of Magnetite Mines Limited and the entities it controlled at the end of, or during, the year ended 30 June 2023.

INFORMATION ON DIRECTORS

The following persons were Directors of Magnetite Mines Limited ("Company") and were in office during the financial year and until the date of this report unless otherwise stated.

Mr Mark Eames	Chair of the Board	
Mr Peter Schubert	Non-Executive Director	
Mr Jim McKerlie	Non-Executive Director	
Mr Paul White	Non-Executive Director	
Mr Simon Wandke	Non-Executive Director	
Ms Carmen Letton	Non-Executive Director	(Commenced 25 January 2023)
Mr Malcolm Randall	Non-Executive Director	(Ceased 23 November 2022)

PRINCIPAL ACTIVITY

The principal activity of the Consolidated Entity during the year was mineral exploration in Australia. Other than the foregoing, there were no significant changes in those activities during the year.

RESULT OF OPERATIONS

A review of operations of Magnetite Mines Limited during the financial year are set out on pages 6 - 20.

Financial results from FY23 are summarised below:

- Group operating loss attributable to equity holders of Magnetite Mines after tax was $5,331,191 (FY22: $3,661,658).
- Interest and other income recognised was $486,471 (FY22: $243,104)

Total assets decreased by $6,820,855 to $38,971,146 during the period and cash balances decreased by $14,212,727 to $5,134,710, primarily due to:

- Cash outflow from operating activities of $3,873,641;
- Cash outflow from investing activities of $9,980,886; and
- Cash outflow from financing activities of $358,199.

Total liabilities decreased by $2,781,595 to $3,661,001 primarily due to the timing of payments to suppliers.

Total equity decreased by $4,039,260, primarily due to a net loss of $5,331,191, partly offset by share based payments expensed during the period of $1,330,095.

FUNDING AND CAPITAL MANAGEMENT

As at 30 June 2023, Magnetite Mines held cash and cash equivalents of $5,134,710.

The consolidated entity has prepared a cash flow forecast, which indicates that current cash balances are insufficient to meet its ongoing planned expenditure unless further capital is raised. These conditions indicate the existence of a material uncertainty that may cast doubt over the consolidated entity's ability to continue as a going concern over the next 12 months.

The directors remain confident, based on past performance, that they will be successful in their plan to raise further funds from the issue of equity, Razorback project sell-down or an interest carry, to manage cash flows, and/or secure debt to fund the Group's ongoing planned expenditure on the Razorback project. Directors can also defer or reduce corporate and/or exploration and evaluation expenditures at relatively short notice if required. The Company has sufficient funds to meet its confirmed commitments.

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.

MATERIAL BUSINESS RISKS

Magnetite Mines recognises that effective risk management is a critical component of its operations. The company has developed a robust framework for identifying, understanding, managing, and reporting risks. As outlined in our Board Charter, the Board bears the responsibility for overseeing our risk management framework and monitoring significant business risks. The Audit & Risk Committee assists the Board in ensuring the existence of an appropriate corporate risk management framework and in identifying business, operational, financial, and regulatory risks along with mitigation measures.

Given the nature of Magnetite Mines' operations, the material business risks that could have an adverse impact on the Company's financial position or performance include economic risks, operational risks, social licence- to-operate and health, safety and environmental risks. A description of the nature of the risks and how such risks are managed is set out below. This list is neither exhaustive nor in order of importance.

ECONOMIC RISKS

Ability to access funding

Magnetite Mines operates in the iron ore industry, undertaking exploration and development activities. To fund this activity, the Group relies on access to debt and equity markets. The ability to access funding may be negatively impacted by factors such as the Group's capital structure and financial markets volatility. This may result in postponement of or reduction in planned capital expenditure, relinquishment of rights in relation to assets, an inability to take advantage of opportunities or otherwise respond to market conditions. Any of these outcomes could have a material adverse effect on the Group's financial position, its ability to expand its business and/or maintain its operations at current levels. The annual capital and operating budgeting processes are approved by the Board to ensure appropriate allocation of resources.

OPERATIONAL RISKS

Material changes to reserves and resources

The estimated quantities of reserves and resources are based upon interpretations of geological, geophysical and engineering models and assessment of the technical feasibility and commercial viability of production. Estimates that are valid at a certain point in time may alter significantly or become uncertain when new information becomes available through field research, additional drilling or technical analysis. As reserves and resources estimates change, development and production plans may be altered in a way that adversely affect Magnetite Mines' operations and financial results. Magnetite Mines prepares its reserves and resources estimates in accordance with the JORC 2012 standard and guidelines.

Major Project Delivery

Magnetite Mines is focused on creating shareholder value through the future commercial development of the Razorback Iron Ore Project. However, with any future significant capital project, there is a risk of failure or incomplete achievement of project objectives, which could result in lower investment returns than initially anticipated. These risks could emerge from various factors, including challenges in obtaining necessary regulatory approvals within expected timelines, obstacles in securing land access (including navigating native title agreements), procurement issues resulting from delays in equipment fabrication or constraints in global supply chains, labour shortages, inflationary pressures, failure to effectively define or meet project scope, budget, and definition, deficiencies in project design and quality, concerns regarding process safety, failures in cost control and delivery schedule management, limitations in available resources and suboptimal decision-making.

Cyber Risk

The integrity, availability and confidentiality of data within Magnetite Mines' information and operational technology systems may be subject to intentional or unintentional disruption (for example, from a cyber security attack). Given the current size of Magnetite Mines business, the Company engages a third party IT support company who have robust processes and technology, supported by specialist cyber security skills to prevent, detect, respond and recover from such attacks should one occur.

People and Capability

The industry Magnetite Mines operates in faces challenges in attracting and retaining personnel with specialised skills and expertise. The inability to attract and retain such individuals could potentially disrupt business continuity through the loss of critical human resource capability. To address this risk, we have implemented employment arrangements that are specifically designed to secure and retain key personnel.

SOCIAL LICENCE TO OPERATE RISKS

Regulatory risk

Changes in government policy (such as in relation to taxation, environmental and cultural protection, and licensing) or statutory changes may affect Magnetite Mines' business operations and its financial position. A change in government regime may significantly result in changes to fiscal, monetary, property rights and other issues which may result in a material adverse or positive impact on Magnetite Mines' business. Magnetite Mines monitors changes in relevant regulations and engages with regulators and governments to ensure policy and law changes are appropriately influenced and understood.

Disputes and litigation

The nature of the operations of Magnetite Mines means it may be involved in litigation or disputes from a range of sources, including contractual disputes, breach of laws, lawsuits or personal claims. Magnetite Mines engage experienced external legal firms and keeps abreast of claims, changes to legislation and regulatory requirements.

Permitting risk

All Exploration licences held by Magnetite Mines are subject to the granting and approval of relevant government bodies and ongoing compliance with licence terms and conditions. Tenure management processes and standard operating procedures are utilised to minimise the risk of losing tenure. The Company regularly engages with principal regulator Department for Energy and Mining regarding its tenement compliance management.

Land access, cultural heritage Native Title and community stakeholders

Magnetite Mines is required to notify owners and occupiers of land within its licence areas prior to undertaking exploration works and must negotiate access conditions prior to commencing mine development activities.

Magnetite Mines operates in a number of areas within South Australia that are subject to Native Title determination or claim. Native title rights are acknowledged by Magnetite Mines and the Company must comply with relevant obligations under Federal and State regulation. A Native Title agreement is generally required before the commencement of exploration activities upon a tenement or prior to the granting of a mining lease; consequently, this may impact the timing and cost of exploration, development and production. Magnetite Mines notes that it already has a relevant agreement in place for exploration activities upon the Razorback tenements and negotiation for a mining agreement is scheduled into the development process.

The iron ore industry is also subject to interest from a wide range of stakeholders from the broader community who may be opposed to the role of the industry. Magnetite Mines' standard operating procedures and stakeholder engagement processes are used to manage land access, cultural heritage, native title and community stakeholder risks. The Company actively engages with its stakeholders and monitors for any emerging risks.

HEALTH, SAFETY AND ENVIRONMENTAL RISKS

The business of exploration and development involves a variety of risks that may impact the health and safety of personnel, the community and the environment. Potential failure to manage these risks could result in injury or loss of life, damage to the environment, legal liability and damage to Magnetite Mines' reputation. Losses and liabilities arising from such events could increase costs and have a material adverse effect on the operations and/or financial conditions of Magnetite Mines. Magnetite Mines has implemented an online safety management system to identify and manage risks in this area, and works closely with contractors and consultants to ensure planned activities are conducted safely and with supervision, as may be required.

Insurance policies, standard operating procedures, contractor management processes and facility design and integrity management systems, amongst other things, are important elements of the system that support the mitigation of these risks. Magnetite Mines seeks to maintain appropriate policies of insurance consistent with those customarily carried by organisations in the resources sector. Any future increase in the cost of such insurance policies, or an inability to fully renew or claim against insurance policies as a result of the current economic environment (for example, due to a deterioration in an insurers ability to honour claims), could adversely affect Magnetite Mines' business, financial position and operational results.

CLIMATE CHANGE

Magnetite Mines is likely to be subject to increasing regulations and costs associated with climate change and, specifically, management of carbon emissions. Strategic, regulatory and operational risks and opportunities associated with climate change and the energy transition are progressively being incorporated into Company policy, strategy and risk management processes and practices. The Company actively monitors current and potential areas of climate change and energy transition risk.

DIVIDENDS

No dividends have been paid during the financial year and no dividend is recommended for the current year.

NATIVE TITLE

Claims of native title over certain of the Consolidated Entity's tenements have been made, and may in the future be made under the Commonwealth Native Title Act. In the event that native title is established by an indigenous community over an area subject to the Consolidated Entity's mining tenements, the nature of the native title may be such that consent to mining may be required from that community but is withheld.

SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS

There were no significant changes in the state of affairs of the Consolidated Entity during the financial year not otherwise dealt with in this report.

LIKELY DEVELOPMENTS AND EXPECTED RESULTS

Details of important developments in the operations of the Consolidated Entity are set out in the review of operations section of this report. The Consolidated Entity will continue to explore its Australian tenement areas of interest for minerals, and any significant information or data will be released in the market and to shareholders.

ENVIRONMENTAL ISSUES AND REGULATIONS

The Consolidated Entity has interests in mining tenements (including prospecting, exploration and mining leases). The leases and licence conditions contain environmental obligations. The Consolidated Entity has assessed whether there are any particular or significant environmental regulations that apply. It has determined that the risk of non-compliance is low and has not identified any compliance breaches during the year. The directors are not aware of any environmental matters that would have a significant adverse effect on the Consolidated Entity. During the year the Company has paid $19,927 as part of Environmental Rehabilitation for the Razorback tenement. The Company has also made a provision of $4,000 for rehabilitation work pertaining to the Razorback tenement.

SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial period, other than the matters disclosed below, the directors are not aware of any other matter or circumstance that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity.

Conversion of Performance Rights

(1) On 7 August 2023, 426,910 employee performance rights were converted into fully paid ordinary shares following the performance evaluation process.
(2) On 8 August 2023, 374,930 CEO performance rights were converted into fully paid ordinary shares following the performance evaluation process.

Lapse of Performance Rights

(3) On 7 August 2023, 134,709 employee performance rights lapsed following the performance evaluation process.
(4) On 8 August 2023, 23,508 CEO performance rights lapsed following the performance evaluation process.

Expiry of unquoted employee options

(5) On 11 August 2023, 140,000 unquoted employee options exercisable at $0.595 each expired.

Mintech Convertible Loan Note

On 23 August 2023, the Company entered into an agreement with the liquidators of Mintech Resources Pty Ltd (in liquidation) (Mintech) to amend the terms of the redeemable convertible notes (Notes) held by Mintech. Subject to the approval of Mintech's creditors, the parties have agreed to extend the maturity date of the Notes by seven months from 31 August 2023 to 31 March 2024.

The Notes were originally issued to Mintech on 31 August 2015 following a renegotiation of the terms of a tenement sale agreement between the Company and Mintech for the acquisition by the Company of the Razorback Project.

Pursuant to the Agreement, the interest rate applicable to the Mintech Notes for the period from 1 September 2023 to 31 March 2024 will be 10% per annum. Magnetite Mines has agreed to waive its right to convert the Notes into shares at the maturity date and will therefore redeem the value of the Notes in cash on or before that date. In consideration for its agreement to the revised terms of the Notes, the Company will pay Mintech a fee of $200,000 (plus GST).

The Agreement will be reflected in a formal amendment to the terms of the Notes in the coming weeks. The Company understands the liquidator intends to call a meeting of Mintech creditors to be held as soon as practicable and before the end of September 2023.

Appointment of CFO

Mr Simon Smith commenced as Chief Financial Officer on 4 September 2023.

Appointment of New Chair

On 13 September 2023, the Company announced the appointment of Mr Jim McKerlie as Chair of the Board with effect from 25 September 2023. Mr McKerlie will succeed Mr Mark Eames who is retiring and will not stand for re-election as a Director of MGT at the next Annual General Meeting of Shareholders.

CORPORATE INFORMATION

Magnetite Mines Limited	Parent entity
Razorback Iron Pty Ltd	100% owned controlled entity
Razorback Operations Pty Ltd	100% owned controlled entity
Red Dragon Mining Pty Ltd	100% owned controlled entity
Ironback Pty Ltd	100% owned controlled entity

INFORMATION ON DIRECTORS

MARK EAMES	***Chair***
Qualifications	BA (Metallurgy) (Hons)
Skills and Experience	Mr Eames has a successful track record in the global minerals industry in exploration, evaluation, development, acquisitions, operations, marketing and senior corporate management. He is a qualified metallurgist with extensive experience in Australia and overseas and has held senior roles working with the iron ore businesses of Glencore, Rio Tinto and BHP. Mr Eames graduated with a BA (Metallurgy)(Hons) from the University of Cambridge, UK. He is a member of the Australasian Institute of Mining and Metallurgy. Mr Eames is a past and present Director of other publicly listed Australian companies, including Universal Coal, where he was interim Chair, and Sphere Minerals Ltd, where he was the Chief Executive Officer. Mr Eames was first appointed to the board on 11 March 2020 as a Non-Executive Director and was appointed as Technical Director on a part-time basis on 1 May 2021. Effective 15 May 2022, Mr Eames was appointed as Chair.
Other current Directorships	None
Former Directorships in the last three years	Universal Coal (from 2019 to 2020)
Special Responsibilities	Member of Audit & Risk Committee Member of Nomination & Remuneration Committee
Interest in Shares and Options at the date of this report	• 1,030,000 Ordinary shares • 300,000 Unquoted options exercisable at $1.76 each expiring 13 December 2024. • 200,000 Unquoted options exercisable at $0.915 each expiring 15 December 2025

PETER SCHUBERT	***Non-Executive Director***
Skills and Experience	Mr Schubert is a professional investor with business development and entrepreneurial skills teamed with over 33 years of direct experience in international and domestic markets. Mr Schubert has strong, established ties to the investment community, particularly in relation to the Australian resource sector. During his career Mr Schubert has developed a range of businesses across various sectors with an emphasis on support for the establishment of various Australian resource companies. Mr Schubert was first appointed to the board on 17 December 2015 as non-executive director and appointed as executive director on 9 December 2016 and subsequently appointed as Executive Chair on 3 September 2018 and as Interim CEO on 1 January 2021. Effective from 15 May 2022, Mr Schubert was appointed as non-executive director.
Other current Directorships	Chairman - Natural MedTech
Former Directorships in last three years	None.
Special Responsibilities	Member of Due Diligence Committee
Interest in Shares and Options at the date of this report	• 2,275,128 Ordinary shares • 240,000 Unquoted options exercisable at $1.76 each expiring 13 December 2024. • 400,000 Unquoted options exercisable at $0.915 each expiring 15 December 2025

JIM MCKERLIE	***Non-Executive Director***
Qualifications	Bachelor of Economics, FAICD, Fellow of Chartered Accountants ANZ, Diploma in Financial Management
Skills and Experience	Mr McKerlie has an extensive career as an international chief executive with public and private companies, management consultant with Deloitte and KPMG and as a public company director including Chair of Drillsearch for 8 years, Beach Energy and ELMO. He has chaired four IPOs and has depth of experience in technology and energy sectors. Mr McKerlie's primary interests are growing businesses, building shareholder value and ensuring appropriate governance procedures are in place. He also has 20 years broadcast experience as a national media presenter in finance and economics. Mr McKerlie was appointed a director on 12 January 2022.
Other current Directorships	None
Former Directorships in the last the three years	None
Special Responsibilities	Chair of Audit & Risk Committee Member of Nomination & Remuneration Committee Chair of Due Diligence Committee
Interest in Shares and Options at the date of this report	76,000 Ordinary shares

PAUL WHITE	***Non-Executive Director***
Qualifications	Master of Business Administration, Member of AICD
Skills and Experience	Mr White is a highly accomplished and experienced business leader with a track record of driving organisational performance and delivering superior outcomes in both corporate and board positions. He has substantial executive experience with global mining companies including FTSE-listed Anglo American and Glencore, with expertise in people strategy, business transformation and community stakeholder relations. Until March 2021, Mr White was the CEO of ASX-listed Brisbane Broncos, a position he held for a decade with an outstanding ability in developing ongoing, strategic relationships across a range of stakeholders to drive growth and expand partnerships. Prior to his role with the Broncos, Mr White gained considerable experience within the mining sector over an 8-year period in a variety of senior leadership and executive roles, both within site-based operations and corporate roles. He also spent 17 years in the Queensland Police Service finishing his career as the Officer in Charge of Mount Isa. Throughout his career, Mr White has been extensively involved in working with Aboriginal and Torres Strait Islander communities and in particular, Aboriginal and Torres Strait Islander youth programmes. In 2017, his work in this area was recognised in his nomination for Queensland's Australian of the Year Award. Mr White was appointed a director on 12 January 2022.
Other current Directorships	Independent Chairman - Coal Network Capacity Company Director - Country to Coast PHN, Queensland
Former Directorships in the last three years	None
Special Responsibilities	Chair of Nomination & Remuneration Committee
Interest in Shares and Options at the date of this report	145,953 Ordinary shares

SIMON WANDKE	***Non-Executive Director***
Qualifications	Bachelor of Arts (Psychology), Bachelor of Marketing (Commerce), Graduate of Australia Institute of Company Directors (GAICD), Diploma in Corporate Finance
Skills and Experience	Mr Wandke is a highly accomplished C-suite leader, with extensive global iron ore leadership, strategy, value chain and commercial experience in major resource organisations. Most recently, Mr Wandke was Executive Vice President and Chief Executive Officer of ArcelorMittal Mining, the world's leading steel company with the fifth largest iron ore business globally. During his tenure, Mr Wandke played a key role in helping to drive the mining division forward to the next stage of its development as one of the largest global producers of iron ore, coking coal and other minerals. Mr Wandke has over 40 years' experience in the mining and minerals industry, holding senior management, strategy and commercial positions internationally with a particular focus on the development of greenfield and brownfield projects, designing and implementing major change and effective commercial strategies, strategic marketing, risk management and ESG. Mr Wandke was appointed a director on 6 June 2022.
Other current Directorships	None
Former Directorships in the last three years	Kalium Lakes Ltd (from October 2022 to August 2023)
Special Responsibilities	Member of Audit & Risk Committee
Interest in Shares and Options at the date of this report	20,000 Ordinary shares

CARMEN LETTON	***Non-Executive Director***
Qualifications	PhD Mineral Economics, Bachelor of Engineering (Hon) (Mining)
Skills and Experience	Dr. Carmen Letton is a mining engineer and mineral economist with over 35 years of global mining experience in more than 10 world-class and tier-one assets and has a diverse background in senior leadership roles in operations, business improvement, operational excellence, major mergers and acquisitions, and corporate strategy development. She has particular technical expertise in the optimisation and value maximization of open-pit and underground mines across multiple commodities and the various stages of asset development and spent over 10 years leading the turnaround of mining portfolios and individual assets. Most recently, Dr. Letton has played key roles on the Board of Directors of international mining companies, having previously worked at Anglo American, BHP, Rio Tinto, Newmont, Newcrest, and Alcoa. Dr Letton was selected as one of the "100 Global Inspirational Women in Mining" in 2016 and 2018 by Women in Mining UK.
Other current Directorships	None
Former Directorships in the last three years	None
Special Responsibilities	Member of Audit & Risk Committee Member of Due Diligence Committee
Interest in Shares and Options at the date of this report	Nil

MALCOLM RANDALL	***Non-Executive Director (ceased on 23 November 2022)***
Qualifications	*B.Applied Chem, FAICD*
Skills and Experience	Mr Randall holds a Bachelor of Applied Chemistry Degree and is a Fellow of the Australian Institute of Company Directors. He has extensive experience in corporate, management and marketing in the resource sector, including more than 26 years with the Rio Tinto group of companies. His experience extends over a broad range of commodities including iron ore, diamonds, base metals, coal, uranium, lithium, rare earths and industrial minerals both in Australia and internationally. Mr Randall was appointed a director on 4 October 2006.
Other current Directorships	Ora Gold Limited (since 2003) Argosy Minerals Limited (since 2017) Hastings Technology Metals Ltd (since 2019)
Former Directorships in last three years	Spitfire Oil Ltd (from 2007 to 2020) Kalium Lakes Limited (from 2016 to 2020)
Special Responsibilities	Member of Audit & Risk Committee
Interest in Shares and Options at the date of this report	Nil

CEO

Tim Dobson

Mr Dobson has more than 30 years of international experience leading and developing world-class operations, with a successful track record in transformational leadership through the application of sound strategy, technical capability and building high-performance teams. Most recently he was CEO of Heron Resources, which he joined in early 2020 as Covid-19 impacts forced mine closures and established a strategic process leading to the refinancing and resumption of mining operations. Prior to that, he worked for six years with Sherritt International Corporation where he was President of its US$8bn Ambatovy nickel operations in Madagascar during its transition from early ramp-up to stable operations before assuming responsibility for the company's nickel and cobalt operations in Canada and Cuba. He has also held a series of executive leadership roles with Norilsk Nickel, Lihir Gold (PNG), Kimberley Rare Earths, Anova Metals and Polymetals, where Mr Dobson led the development of the successful White Dam project in South Australia. Mr Dobson holds a BAppSc in Extractive Metallurgy from the WA School of Mines. Mr Dobson was appointed as CEO on 23 August 2022. Mr Dobson holds 539,930 fully paid ordinary shares in the Company.

COMPANY SECRETARY

Inthu Siva – Company Secretary

Ms. Siva was appointed as Company Secretary on 14 April 2023. She has been employed by the Company since 2010 and also holds the position of Financial Controller. Ms. Siva is an affiliated member of the Governance Institute of Australia and is a Certified Practising Accountant (CPA).

SHARES UNDER OPTIONS AND PERFORMANCE RIGHTS

As at the date of this report, there were 4,718,908 unissued ordinary shares of the Company as follows:

Date options issued	Expiry date	Vesting date	Exercise price of options ($)	Number of options
Unquoted options				
2 Dec 2019	1 Dec 2024	2 Dec 2019	0.57	300,000
16 Dec 2020	15 Dec 2025	16 Dec 2020	0.915	600,000
18 Mar 2021	17 Mar 2024	18 Mar 2021	2.265	80,000
9 Dec 2021	8 Dec 2024	9 Dec 2021	1.810	1,052,000
14 Dec 2021	13 Dec 2024	14 Dec 2021	1.760	540,000
29 Jun 2022	27 Jun 2025	29 Jun 2022	1.95	135,360
17 Nov 2022	14 Oct 2025	17 Nov 2022	2.03	286,071
1 Dec 2022	1 Dec 2025	1 Dec 2022	1.39	1,049,654
1 Dec 2022	1 Dec 2028	30 Nov 2025	1.34	382,883
2 Feb 2023	1 Feb 2029	1 Feb 2026	0.78	167,940
Performance Rights				
1 Dec 2022		1 Jul 2024		125,000

Note: On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of performance rights and unquoted options on issue were adjusted on the basis that every 50 performance rights/unquoted options be consolidated into 1 performance right/unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of performance rights and unquoted options on issue and corresponding exercise price of the unquoted options resulted in no incremental value.

During the financial year:

(1) 334 quoted options with an exercise price of $2.50 each with an expiry date of 20 May 2023 were exercised.
(2) 7,266,204 quoted options with an exercise price of $2.50 each expired on 20 May 2023.
(3) 150,000 unquoted employee options with an exercise price of $2 each expired on 5 July 2022.
(4) 200,000 unquoted director options with an exercise price of $2.25 each expired on 30 November 2022.
(5) 108,069 unquoted employee options with an exercise price of $0.78 each expiring on 1 February 2029 forfeited on 14 April 2023.
(6) 153,218 performance rights vesting on 30 September 2023 lapsed on 14 April 2023.
(7) 125,000 performance rights vested on 30 June 2023.

Option and performance rights holders do not have any right, by virtue of the option, to participate in any share issue of the Company or any other entity.

Post 30 June 2023,

(1) On 7 August 2023, 426,910 employee performance rights were converted into fully paid ordinary shares following the performance evaluation process.
(2) On 8 August 2023, 374,930 CEO performance rights were converted into fully paid ordinary shares following the performance evaluation process.
(3) 140,000 unquoted employee options with an exercise price of $0.595 each expired on 11 August 2023.
(4) On 7 August 2023, 134,709 employee performance rights lapsed following the performance evaluation process.
(5) On 8 August 2023, 23,508 CEO performance rights lapsed following the performance evaluation process.

CORPORATE GOVERNANCE STATEMENT

The Board is committed to achieving and demonstrating the highest standards of corporate governance. The Board continues to refine and improve the governance framework and has practices in place to ensure they meet the interests of shareholders.

Under ASX Listing Rule 4.10.3, ASX listed entities are required to benchmark their corporate governance practices against the fourth edition of the ASX Corporate Governance Council's Corporate Governance Principles and Recommendations (ASX Recommendations). Magnetite Mines Limited is compliant with all relevant ASX Recommendations. Our Corporate Governance Statement is available at www.magnetitemines.com/corporate.

Message from Paul White, Nomination and Remuneration Committee Chair

Dear Shareholders,

On behalf of the Board, I am pleased to introduce Magnetite Mines Limited's Remuneration Report for the year ended 30 June 2023.

Response to first remuneration strike

At the 2022 Annual General Meeting, Magnetite Mines Limited received a "first strike" against the FY2022 Remuneration Report for the financial year ended 30 June 2022. The Board of Magnetite Mines takes this outcome very seriously. As a result, we have engaged widely with shareholders and other key stakeholders to truly understand the concerns with our remuneration framework. We are most appreciative of the feedback received, which has been instrumental in guiding an extensive review of our remuneration structure and ensuring we improve the levels of disclosure and transparency in this regard.

Following this review, which included a thorough benchmark against an appropriate group of peer companies, and based on our commitment to responsible remuneration practices, we have:

- not issued the directors' share options that were tabled at the October 2022 Annual General Meeting, including for those that were approved.
- committed to no increase in director's fees for the upcoming year.
- reviewed and enhanced our reward philosophy and framework to ensure that it:
  - is based on market good practice,
  - is market competitive,
  - supports to our business strategy,
  - is aligned to the shareholder experience and
  - allows the Company to recognise, reward and retain high performing staff and executives in a highly competitive employment environment.
- enhanced disclosure and transparency to ensure our shareholders are appropriately informed on remuneration structure and outcomes.

We believe these actions demonstrate our dedication to addressing the concerns raised by shareholders and our commitment to upholding strong governance practices.

Year in Review

The past twelve months have been transformational for the Company. We have strengthened our marketing, governance, technical, and project capabilities through the addition of experienced and accomplished individuals to our board and leadership team.

In August 2022, Magnetite Mines welcomed newly appointed Chief Executive Officer, Tim Dobson, to the Company. From the outset, Tim's clear direction and collaborative approach has empowered employees at all levels to contribute their insights and expertise, fostering a culture of ownership and accountability that has underpinned a significant shift in the Company's trajectory. Under Tim's guidance, the Company has experienced a series of transformative achievements that have put it in an advantageous position to capitalise on the fast-growing momentum towards green steel.

Some of the critical achievements that Tim has spearheaded include:

- increasing Razorback project capacity configuration to 5Mtpa;
- the successful completion of project Optimisation Studies;
- a 418 per cent increase in Probable Ore Reserves;

- a substantial increase in the combined Mineral Resources Estimate;
- establishing and deepening key strategic relationships, including with indigenous peoples, South Australian government departments to minister level, local community, and business partners;
- prudent management of the Company's cash resources;
- the launch of 'foresight', a bespoke sustainability platform for environmentally and socially responsible project delivery, and
- reinforcement of the Magnetite Mines' safety-focused culture leading to an excellent outcome of zero lost-time injuries, environmental incidents, and material stakeholder complaints in FY2023.

In January 2023, Magnetite Mines appointed Dr Carmen Letton as Non-Executive Director. Carmen is a mining engineer and mineral economist who brings a wealth of technical, operational and commercial experience from the global mining sector with a great track record of success, particularly in the development of corporate and asset strategies across multiple commodities and geographies.

As announced in July 2023, Magnetite Mines appointed Mr Simon Smith as the Chief Financial Officer who will commence in September 2023. Simon is a highly accomplished CFO and Company Secretary with extensive experience in both ASX and TSX listed companies.

Remuneration Outcomes in FY2023

Based on the performance of Tim Dobson in meeting the CEO Key Performance Indicators (KPIs) set by the Board for FY2023, as well as a recognition of the wider accomplishments of the Company that have been realised under his leadership over the past year, the Board has determined to award Tim 94 per cent of his FY2023 STI opportunity.

The Board considers Tim's remuneration to be appropriately aligned with his performance for the year and in line with market for the role and his qualifications and experience. We have confidence in his ability to take the Company towards success in FY2024 and beyond.

The Board undertook a comprehensive review of Director fees in 2022. Market data for similar-sized companies was taken into account, as well as the time, commitment and responsibilities expected of a Non-Executive Director at Magnetite Mines and the additional responsibilities necessitated by the lean leadership team. Following this review, the fees for Non-Executive Directors was increased from $75,000 to $90,000 per annum. In addition, Committee Fees were introduced in recognition of the additional responsibilities in this regard. The fees for the Chair were not adjusted.

Looking forward

We are confident in our ability to drive sustainable growth and deliver value to our shareholders. We also remain committed upholding strong governance practices with regard to executive and director remuneration and to sustaining the dialogue with our shareholders to ensure their perspectives are heard and considered when shaping our remuneration policies.

On behalf of the Nomination and Remuneration Committee and the Board of Magnetite Mines Limited, I would like to express our gratitude for your continued support and engagement. We are confident that these adjustments will contribute to a more robust and transparent remuneration framework.

If you have any further questions or feedback, please do not hesitate to reach out to us. We value your input and are committed to maintaining open lines of communication.

Sincerely,

Paul White
Chair of the Nomination & Remuneration Committee

REMUNERATION REPORT (AUDITED)

1. Introduction

The Directors of Magnetite Mines Limited present the Remuneration Report (the Report) for the Company for the year ended 30 June 2023. This Report forms part of the Directors' Report and has been audited in accordance with section 300A of the Corporations Act 2001.

The Report details the remuneration arrangements for Magnetite Mines' key management personnel (KMP) and include:

- the Company's Non-Executive Directors (NEDs); and
- the Company's Executive Group (Executives).

In this report, the KMP are those persons who, directly or indirectly, have authority and responsibility for planning, directing and controlling the major activities of the Company and Group.

1.1 Details of Key Management Personnel

The following persons were key management personnel of Magnetite Mines Limited for the full financial year unless otherwise indicated.

Name	Position	Term as KMP
Non-Executive Directors		
Mark Eames[1]	Non-Executive Chair	
Peter Schubert	Non-Executive Director	
Paul White	Non-Executive Director	
Jim McKerlie[1]	Non-Executive Director	
Simon Wandke	Non-Executive Director	
Carmen Letton	Non-Executive Director	Commenced 25 January 2023
Malcolm Randall	Non-Executive Director	Ceased 23 November 2022
Executives		
Tim Dobson	Chief Executive Officer	Commenced 23 August 2022
Stephen Weir[2]	Chief Development Officer	Ceased 14 October 2022
Ian Kirkham[3]	Chief Financial Officer & Company Secretary	Ceased 14 April 2023

1 On 13 September 2023, the Company announced the appointment of Mr Jim McKerlie as Chair of the Board with effect from 25 September 2023. Mr McKerlie will succeed Mr Mark Eames who is retiring and will not stand for re-election as a Director of MGT at the next Annual General Meeting of Shareholders.

2 Mr Stephen Weir was appointed as Interim Chief Executive Officer from 15 May 2022 to 22 August 2022, when Mr Tim Dobson commenced. Mr Weir resigned on 14 October 2022.

3 Mr Ian Kirkham resigned effective from 14 April 2023.

4 Mr Simon Smith commenced as Chief Financial Officer on 4 September 2023.

REMUNERATION REPORT (AUDITED) (continued)

2. Changes to the Executive Reward Framework in FY2023

Remuneration is a key element of the Company's Human Resource Strategy and needs to be considered in light of this. The Company has undergone significant change over the last two years with the development of a clear corporate strategy that addresses how the growth opportunities will be achieved. Magnetite Mines has a massive iron ore resource with a very long potential mine life offering significant returns to shareholders.

To realise this opportunity a large number of people will be needed with high levels of technical skills across many disciplines. People are the key to the success of the project and a new HR strategy was needed to build the environment that would attract these people. There is a war for this talent and the candidates will inevitably be recruited from within Australia and overseas.

The Company's HR strategy must deliver several outcomes including attracting people, retaining them and most importantly ensuring they are very engaged and deliver to the best of their ability. The Company recognises that there are several core drivers needed to achieve these outcomes including a fixed remuneration, the opportunity to earn through performance based remuneration, the workplace environment, fair and equitable opportunities to advance, the Company's purpose and its culture.

The Company has made priorities on all of these drivers and our specific remuneration strategy was determined in light of the overall HR strategy, which in turn was determined in light of the corporate strategy. The revised HR strategy ensures compliance with best practice and good governance and creation of long-term sustainable value, for both shareholders and other key stakeholders.

2.1 Reward Framework Objectives

This remuneration review included a substantial benchmarking review for both Executives and Non-Executives, with data provided by an independent, external advisor.

The Reward Framework is designed to enable the Company:

- To support the execution of the Corporate strategy;
- To provide competitive rewards to attract, retain and motivate a skilled and engaged workforce;
- To ensure that reward outcomes are linked to individual and Company performance;
- To ensure that executives and management are focused on delivering value to shareholders;
- To provide a remuneration framework that maintains fair, equitable and affordable rates of pay for all employees and encourages, recognises and rewards strong performance; and
- The total cost of reward and benefits is well managed and will not expose the business to unnecessary risk or long-term commitments.

REMUNERATION REPORT (AUDITED) (continued)

2.2 Reward Governance

The Nomination & Remuneration Committee (NRC) consists solely of Non-Executive Directors and operates under a Board-approved Charter. The roles and responsibilities of our Board, Nomination & Remuneration Committee, management and external advisors in relation to remuneration for KMP and employees at Magnetite Mines are outlined below.

Role	Description of Responsibilities
Board	The Board is responsible for: • approving Magnetite Mine's remuneration strategy, • overseeing the remuneration governance, • on recommendation from the Remuneration Committee, approving the key elements of the Reward Framework, • determining the quantum of remuneration for Non-Executive Directors and the CEO.
Nomination & Remuneration Committee	Established by the Board and operating under its own Charter, with its role defined by the Terms of Reference, the NRC makes recommendations on: • the reward framework and governance that applies to all employees, • remuneration arrangements for the Company's Directors and Executives, • setting of performance standards and assessing outcomes for the executive team, • assessment of cost, risk and effectiveness of the elements of reward, • monitoring and measuring culture, • inclusion and diversity principles and objectives.
Management	Management: • reviews, identifies and recommend to the NRC, improvements to remuneration effectiveness, • provides information and analysis to assist the NRC to make informed decisions, • executes the reward framework and remuneration processes of the Company.
External Advisors[1]	Remuneration consultants and HR software providers: • provide independent advice and information relevant to remuneration decisions, • provide a Human Resources software that assists in the setting of objectives, measuring progress toward these and measuring overall performance. Magnetite Mines follows a protocol to engage an adviser to make a remuneration recommendation. The protocol ensures the recommendation is free from undue influence by management. The Board or Committee chair engages the adviser. The Board or Committee chair deals with the adviser on all material matters and any advice provided by external advisors is used to assist the Board and is not a substitute for the Board and NRC procedures. Management involvement is only to the extent necessary to coordinate the work. The Board and Committee seek recommendations from the CEO about executive remuneration. The CEO does not make any recommendation about his own remuneration. The Board and Committee have regard to industry benchmarking information.

1 Magnetite Mines engaged the remuneration consultant, Loftswood, to provide independent advice and information relevant to the remuneration framework. For FY2023, Magnetite Mines paid Loftswood $19,800 (FY2022: $8,000). Magnetite Mines also engaged with The Kendo Way Pty Ltd (Kendo) to provide Human Resources software that assists in the setting of objectives, measuring progress toward these and measuring overall performance. Nil consideration was made to Kendo for FY2023.

2.3 Guiding Principles for Remuneration:

Our Guiding Principles articulate the objectives of Executive Reward at Magnetite Mines and underpin our decision-making in all aspects of reward.

Strategy & Sustainability	Performance	Shareholders	Market
Short-term and long-term performance measures are aligned to our corporate strategy. Corporate sustainability is a core basis of our culture, business planning and operational delivery.	Reward outcomes are aligned to performance by providing a meaningful portion of pay 'at-risk' with challenging performance measures that include both financial and non-financial metrics.	Our reward framework ensures Executives are focussed on the creation of long-term value for shareholders by aligning performance measures to long-term shareholder value.	We ensure our reward is competitive compared to the markets in which we operate and allows us to attract and retain talented people.

REMUNERATION REPORT (AUDITED) (continued)

2.4 Components of the Executive KMP Reward Framework initiated during FY2023

a. Fixed Remuneration

	Description
Purpose	Provide fair, market-related fixed remuneration for the skills and experience an Executive brings to a role. Attract and retain and capable leaders.
Description	Salary and other benefits, including statutory superannuation. Executives are given the opportunity to receive their fixed remuneration in a variety of forms including cash and fringe benefits such as motor vehicles and expense payment plans. It is intended that the manner of payment chosen will be cost-neutral to the Company.
Fixed Remuneration Levels	Fixed remuneration is set according to the defined Role and Responsibility of each executive.
Market Positioning	Fixed remuneration is determined based on the median of our peer groups, considering the Executive KMP's responsibilities, location, skills, and experience. Our "peer group" includes companies in the ASX Metals and Mining Sector, with a market capitalisation of roughly half to double that of Magnetite Mines.

b. Short-Term Incentives

	Description
STI Purpose	The STI focuses on driving effort toward our key priorities for the current financial year and beyond. It serves as a strong motivator for Executive KMPs to achieve challenging performance objectives that are typically within their control.
STI Description	The overall STI outcome (expressed as a percentage of maximum opportunity) is determined by assessing three key inputs: • **business outcomes** which is the progress toward a basket of business plan objectives – a result that is shared by all people in the STI cohort; • **individual performance** based on an individual's objectives, personal growth, and performance as a manager; and • **business modifier** that can be applied by the board to cater for exceptional circumstances. **Business Outcome** (same results for STI cohort) X **Individual Performance** (individual results) X **Business Modifier** (board discretionary adjustment) = **Overall Individual STI Outcome** In FY2023, the Company adopted the new STI approach on a pro-rata basis. FY2024 will be the first full-year implementation of the new STI approach.
STI Quantum	The target and maximum opportunity for STI, as a percentage of Fixed Remuneration, is aligned to the Magnetite Mines peer group. For our Executive KMP, these are set as follows: **STI** – **Opportunity** CEO – 50% - 75% Other Executive KMP – 40% - 60%

REMUNERATION REPORT (AUDITED) (continued)

STI Delivery	Participating Executives are granted the maximum opportunity in performance rights, based on the volume-weighted average price of the Company's shares at the start of the performance period. The actual issue takes place following the AGM. For FY2023, the Company issued performance rights to the participating executives based on the volume-weighted average price of the Company's shares following the 2022 AGM. At the end of the performance period, the appropriate portion of performance rights will vest for each participant, with the remainder lapsing. Each share right that vests entitles the holder to acquire one fully paid ordinary share in the Company. Performance Rights have been selected as a cost-effective and efficient means to remunerate the Executives as opposed to alternative forms of cash incentives as the Company wishes to retain its cash reserves for other preferred uses.
Link to Performance	The STI outcomes are subject to the achievement of targets that are critical to the sustained success of Magnetite Mines. In addition, the delivery of the STI in performance rights boosts the Executives' shareholding in the Company, further aligning their interests with those of shareholders. Granting the performance rights at the start of the performance period provides additional leverage during the period, meaning that whilst the Executives may enjoy the upside potential, they must also wear the downside risk associated with share price movements through the period. This has the benefit of focusing Executive effort on share price growth right from the outset, as intended.

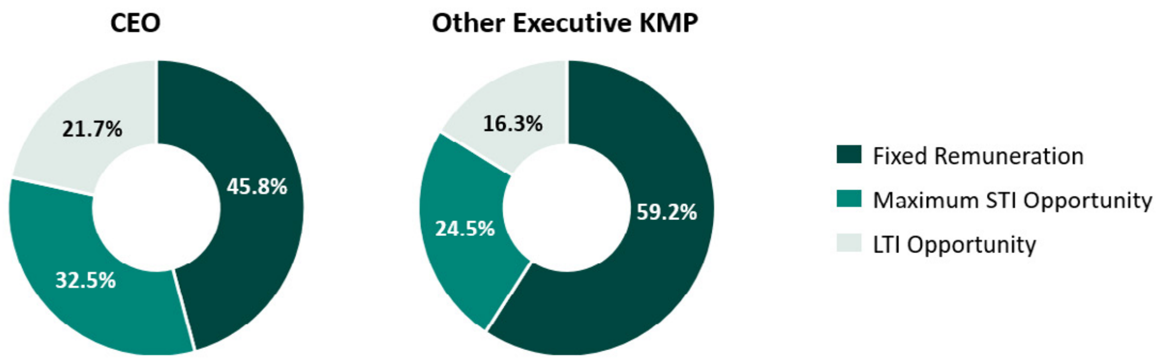
c. Long-Term Incentives

	Description
LTI Purpose	The LTI is intended to drive ownership behaviours and a focus on long-term performance while aligning Executives with the Company's purpose, culture, values and strategic objectives. LTI outcomes are directly linked to the growth in value of the Company's share price over the longer term, rewarding executives only for delivering exceptional growth.
LTI Description	The LTI program operates over a service period of 3 years. Each year, participating Executives will receive premium-priced share options, meaning that they will only be rewarded if the Company's share price, at a minimum, achieves that growth goal. The number of share options granted to each participating Executive is based on their LTI opportunity (calculated as a percentage of their Fixed Remuneration), divided by the value of the option as determined using an appropriate financial model, such as the Monte Carlo simulation. The options are subject to the satisfaction of the following vesting conditions: • the volume weighted average price of the shares of the Company, over any 14-day period, exceeds the exercise price for the Options, • the holder being an employee of the Company. Each share option that vests entitles the holder to acquire one fully paid ordinary share in the Company.
LTI Quantum	The quantum of the LTI opportunity for the Executive KMP is aligned to the Magnetite Mines peer group. For our Executive KMP, these are set as follows: LTI — LTI Opportunity (% of base salary) CEO — 50% Other Executive KMP — 30%
Link to Performance	The share options will only deliver value to the Executive once the volume-weighted average price of the shares of the Company, over any 14-day period, exceeds the exercise price for the Options.

REMUNERATION REPORT (AUDITED) (continued)

2.5 Remuneration Mix

The following illustrates the pay mix for Magnetite Mine's Executive KMP at maximum performance. The actual STI and Performance Rights awarded are subject to performance against the pre-determined targets.



2.6 Malus and Clawback

Our Board can reduce or clawback all vested and unvested STI and LTI awards in certain circumstances to ensure executives do not obtain an inappropriate benefit. These circumstances are broad and can include:

- an executive engaging in fraud or gross misconduct;
- breach of law;
- a material misstatement of our accounts results in vesting;
- behaviours of executives that bring Magnetite Mines into disrepute;
- circumstances where there would be an inappropriate benefit; and
- any other factor our Board deems justifiable.

2.7 Hedging

Executives are not permitted to hedge (such as 'cap and collar' arrangements) STI or LTI equity awards.

2.8 Employment Agreements for Key Management Personnel

The following table outlines the summary terms of employment for the CEO and other Executive KMP.

Role	Term of Agreement	Notice Period	Maximum Termination Benefits*
CEO	No fixed term	6 months	12 months Fixed Remuneration
Other Executive KMP	No fixed term	3 months	12 months Fixed Remuneration

* As per the provisions related to the maximum termination benefit under the Corporations Act 2001.

Agreements are in place for Executive KMP detailing the approach the Group will take with respect to termination payments and with respect to exercising its discretion on the vesting of equity in the event of a 'Change of Control' of the organisation.

Executive KMP may be subject to restraints which will apply upon cessation of employment to protect the business interests of the Company. No separate amount is payable in relation to these restraints over and above the contractual entitlements outlined above.

REMUNERATION REPORT (AUDITED) (continued)

As per the provisions related to the maximum termination benefit under the Corporations Act 2001, the maximum payment on termination (including notice) is capped at 12 months fixed remuneration for these Executives.

3. Executive Remuneration Outcomes in FY2023

3.1 Fixed Remuneration

There were no Executive KMP increases in Base Salary in FY2023. The table below shows the full-year equivalent Base Salary for each Executive KMP, noting that none of the Executive KMP was employed for the full financial year.

Executive KMP	Position	FY2022 Base Salary ($)	FY2023 Base Salary ($)
Tim Dobson	Chief Executive Officer	-	500,000
Stephen Weir	Chief Development Officer	255,000	255,000
Ian Kirkham	Chief Financial Officer & Company Secretary	250,000	250,000

3.2 Short-Term Incentives

a. Short-Term Incentive Outcomes for FY2023

The STI is an at-risk opportunity for senior executives. It rewards senior executives for meeting or exceeding key performance indicators. The key performance indicators link to the Company's key purpose. The STI aims to motivate senior executives to meet Company expectations for success. The Company can only achieve its purpose if it attracts and retains high performing senior executives.

The KPIs are reviewed against an agreed target. The Board assesses the extent to which KPIs were met for the period after the close of the relevant financial year and once results are finalised. The Board assesses senior executive performance on the CEO's recommendation. The Board assesses the achievement of the KPIs for the CEO.

CEO Tim Dobson's FY2023 STI Performance Rights were approved by the shareholders under ASX Listing Rule 10.14, at the AGM on 23 November 2022. Mr Dobson was the only KMP eligible for STI during the year as Mr Kirkham resigned prior to the performance period and his performance rights were forfeited on 14 April 2023 at resignation. The AGM approval was based on the parameters of Safety/ESG, Razorback Project Development, and Balance Sheet Management. This framework was used for the calculation of Mr. Dobson's Individual Performance, with detailed objectives developed under each of the three parameters, and progress and achievements highlighted below.

Safety/ESG

Achieve industry recognition of ESG:

- Reinforcement of the Company's safety-focused culture leading to the commendable outcome of zero lost-time injuries, environmental incidents, or material stakeholder complaints in FY2023.
- Launch of 'foresight', the Company's bespoke sustainability platform for environmentally and socially responsible project delivery, which is expected to play a pivotal role in driving ESG-related actions through the lifecycle of the Project and elevate the Company's profile among ESG-conscious investors.

REMUNERATION REPORT (AUDITED) (continued)

Razorback Project Development

Deliver Project Razorback to commissioning:

- Increase in the combined Mineral Resources Estimate to 6.0 billion tonnes inclusive of the Razorback, Muster Dam and Ironback Hill Iron ore Projects. With a material uplift in mass recovery to 16 per cent, for the Razorback Iron Ore Project following the recent upgrade to the Mineral Resource Estimate following drilling at the Iron Peak deposit, inclusive of an updated mass recovery for Iron Peak of 19.4 per cent.
- De-risking of the Razorback Project's proposed road and rail infrastructure corridor through the negotiation of an exclusive, binding land access agreement at Hillgrange covering the rail siding location, as well as confirmation by the Australian Rail Track Corporation of no known impediments to critical siding and spur line infrastructure development.
- Progression of a Partnering Agreement with the Ngadjuri Nation Aboriginal Corporation with approval and execution targeted in September 2023.
- Full suite of Optimisation Studies completed on time in March validating the Company's decision to increase the initial scale of the Razorback Iron Ore Project to 5-10Mtpa.
- Completion of metallurgical studies to definitive feasibility study (DFS) level validating the ability of the Project's process flowsheet to produce premium-grade Direct Reduction pellet feed ("DR-grade") concentrates.
- Execution of Memorandum of Understanding with GFG Alliance Company Whyalla Ports to cooperate on progressing commercial terms for the use of Whyalla's port handling and shipping facilities.
- Execution of Memorandum of Understanding with Flinders Ports, which operates seven ports in South Australia, to investigate the commercial and technical feasibility of several port export options including potential developments at Port Pirie and Myponie Point.

Establish and maintain future growth and opportunities beyond Razorback:

- 418 per cent increase in Probable Ore Reserves from 473 million tonnes to 2.0 billion tonnes including a maiden Probable Ore Reserve of 362 million tonnes declared for the Iron Peak deposit.

Design and deliver organisation to achieve vision:

- Execution of Memorandum of Understanding the District Council of Peterborough affirming the council's full support for the Razorback Project and to facilitate the Project's infrastructure development needs.
- Strengthening of relationships with government representatives at the Department of Energy & Mining, the Department of Infrastructure & Transport, the Department of Trade & Investment, the Department of Treasury & Finance and the Department of Environment & Water to expedite the Project's permitting and approvals processes.

Design and fill organisation up to Razorback Project FID:

- A roadmap for the required organisational development has been established.

Build Owners Team to support Razorback project Engineering Procurement Contract by FID:

- Initial planning undertaken.

Establish high-performance culture:

- Implementation of robust employee performance management system with individual objectives which are assessed and discussed monthly.

Implement Employee Incentive Scheme and Scorecard:

- Established and implemented in 2023 financial year.

REMUNERATION REPORT (AUDITED) (continued)

Balance Sheet Management

Secure funding required for the Vision:

- Prudent management of the Company's cash resources and preparation for potential capital raising initiatives.
- Establish formal alliances with strategic/investment partners necessary to support the project.
- Complete Project investment partnering by FID.
- Advancement of discussions with potential strategic partners including hosting several highly engaged parties on site visits to the Razorback Project site and environs.

Embed costs management discipline:

- Budgetary process and project management skills enhanced and establish Project finance deal structure following completion of project de-risking to partner-attracting levels.
- Financial models developed in support of project evaluation and attraction of partners.
- Secure Project funding by FID.
- Data room preparation with access to qualified parties.

Mr Tim Dobson's FY2023 STI Performance Rights were approved by the shareholders under ASX Listing Rule 10.14, at the AGM on 23 November 2022. For FY2023 following an evaluation process, the Board determined to award Tim 94 per cent of his "opportunity to earn" STI for his performance in meeting the Key Performance Indicators (KPIs) and for his key role in the significant milestones achieved by the Company. The remaining performance rights were lapsed as per the rules of the plan.

Executive KMP	STI Potential ($)[1]	% of potential STI achieved	% of maximum forfeited	Value of Equity	Award as a % of Base Salary
Tim Dobson	$318,750	94%	6%	$299,944	68%

Note

1 On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of performance rights on issue was adjusted on the basis that every 50 performance rights be consolidated into 1 performance right in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of performance rights on issue resulted in no incremental value.

2 Mr Kirkham resigned prior to the performance period and his performance rights were forfeited on 14 April 2023 at resignation.

3.3 Long-Term Incentives

a. LTI granted in FY2023

FY2023 LTI Share Options

Based on the new reward framework, Magnetite Mines will grant premium-priced share options to our Executive KMP each year. Our FY2023 LTI Share Options awards, which were approved by shareholders for the CEO, Tim Dobson, at the AGM on 23 November 2022, under ASX Listing Rule 10.14, were allocated in December 2022. These options were part of Mr. Dobson's service commencement entitlement on 23 August 2022 and have an exercise price of 60 per cent premium to the volume weighted average price for the 5 days immediately following the AGM, being $1.34, and have a three-year vesting period. These options are subject to the following performance conditions:

- the volume weighted average price of the shares of the Company, over any 14-day period, exceeds $1.34 before the vesting date; and
- Mr Dobson remains an employee of the Company on the vesting date.

REMUNERATION REPORT (AUDITED) (continued)

These performance conditions measure the return to shareholders over a specific period by considering the change in share price during that time, as well as service retention. This performance condition was selected by the Company to align executive remuneration with the growth of shareholder value and to retain high-performing senior executives, thus motivating them to meet the Company's expectations and achieve success. The Board assesses the extent to which the conditions were met for the period after the close of the relevant financial year.

A summary of the CEO's FY2023 LTI awards are as follows:

Award	Type of Instrument	Value of Grant	Value as % of Fixed Remuneration	Number of Instruments (Post consolidation) (1)	Anticipated vesting Date
FY2023 LTI Share Options	Premium-priced share options	$212,500	50% (pro-rated)	382,883	December 2025

Note:
(1) On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of unquoted options on issue was adjusted on the basis that every 50 unquoted options be consolidated into 1 unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of unquoted options on issue and the corresponding exercise price of the unquoted options resulted in no incremental value.
(2) Mr Kirkham resigned prior to the performance period and his LTI options were forfeited on 14 April 2023 at resignation.
(3) Mr Stephen Weir's options issued during the year, vested immediately upon grant based on there being no attached performance conditions as this award was for past performance in line with the previous employee incentive plan and therefore not disclosed in the table above.

b. LTI vested in FY2023

The LTI program operates over a service period of 3 years and no LTI plans vested in FY2023 due to the performance conditions not yet being met.

3.4 Sign-On Rights

a. Sign-On Performance Rights granted in FY2023

The Board approved a once-off sign-on incentive in the form of Performance Rights to a value of $200,000 for the CEO, Tim Dobson. These awards were approved by Shareholders under ASX Listing Rule 10.14, at the AGM on 23 November 2022. These sign-on performance rights did not have any performance conditions attached and were subject to a service condition being met in order to attract and retain high-performing executives. The Rights will vest in two equal tranches approximately one and two years after his commencement, subject to a service condition being met. On 30 June 2023, 125,000 of the Sign-On Rights (Tranche 1) vested, as Tim remained employed on the vesting date.

A summary of CEO's Sign-On Performance Rights awards are as follows:

Award	Type of Instrument	Value of Grant	Value as % of Fixed Remuneration	Number of Instruments (Post consolidation)	vesting Date
Sign-on Rights 'Tranche 1'	Retention Rights	$100,000	20%	125,000	30 June 2023
Sign-on Rights 'Tranche 2'	Retention Rights	$100,000	20%	125,000	1 July 2024

Note: On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of performance rights on issue was adjusted on the basis that every 50 performance rights be consolidated into 1 performance right in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of performance rights on issue resulted in no incremental value.

REMUNERATION REPORT (AUDITED) (continued)

4. Non-Executive Director Remuneration

4.1 Approach to Non-Executive Director Remuneration

The Board seeks to set Director fees at a level that provides the Company with the ability to attract and retain directors of the highest calibre. Having a strong contingent of Directors with a balanced set of skills and experience serves us well as the business has a lean executive team.

In FY2023, during the recent vacancies of key executive roles, members of the Board have stepped in to provide support and expertise to ensure our momentum was maintained.

4.2 FY2023 Non-Executive Director fees and fee pool

The Board undertook a comprehensive review of Director fees in FY2023. This review included a robust review of the Magnetite Mines fees compared to the fees of similar ASX-listed companies, using data provided by an external consultant. The Board took into account the time, commitment and responsibilities expected of a Non-Executive Director at Magnetite Mines and the additional responsibilities necessitated for these roles given that the Company operates with a lean leadership team.

As a result of this review, the Board determined to increase the base fees for Non-Executive Directors from $75,000 to $90,000 per annum (excluding superannuation).

In addition, Committee Fees were introduced in recognition of the additional responsibilities for the contribution to each Committee. Total Committee Fees per Director are capped at $10,000 per annum.

To ensure that the Company is able to attract overseas-based Directors where necessary, an Overseas Allowance of $10,000 per annum was also introduced.

The Board retained the Chair’s base fees at $150,000 as foreshadowed in the FY2022 Remuneration Report.

The fees that applied for FY2023 are outlined in the following table.

Compensation component	Position	FY2023 Annual Fees (1)
Base Fees		
Board	Chair	$150,000
	NED	$90,000
Committee fees (2)		
Audit & Risk Committee	Committee Chair	$10,000
	Member	$5,000
Nomination & Remuneration Committee	Committee Chair	$10,000
	Member	$5,000
Due Diligence Committee	Committee Chair	$10,000
	Member	$5,000
Overseas allowance	Overseas director	$10,000

(1) Fees shown are exclusive of superannuation.

(2) Additional Fees are capped at $10,000 per director.

REMUNERATION REPORT (AUDITED) (continued)

The maximum aggregate amount we can pay our Non-Executive Directors is $800,000 per annum (fee pool) as approved by shareholders at the 2022 Annual General Meeting.

4.3 Minimum shareholding requirement

We believe in aligning the Board and shareholder interest and therefore we encourage our Non-Executive Directors to hold shares in the Company.

4.4 Share-based remuneration

From time to time, Magnetite Mines may offer share-based remuneration to our Non-Executive Directors, partly as a cost-effective mechanism under our current circumstances and partly to encourage share ownership.

4.5. Company performance

A summary of Magnetite Mines' business performance as measured by a range of financial and other indicators, including disclosure required by the *Corporations Act 2001*, is outlined in the table below.

Measure	FY19	FY20	FY21	FY22	FY2023
Net loss ($'000)	(1,345)	(374)	(1,733)	(3,662)	**(5,331)**
ASX share price at the end of the year ($)	0.18	0.13	3.79	1.05	**0.39**
Dividends per share ($)	-	-	-	-	**-**
Basic loss per share ($)	(0.09)	(0.015)	(0.032)	(0.057)	**(0.070)**

Note: On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. Prior year figures for basic and diluted loss per share have been restated to post share consolidation figures.

REMUNERATION REPORT (AUDITED) (continued)

5. Statutory Disclosures

5.1 Remuneration of Key Management Personnel

Details of the remuneration of each director of Magnetite Mines Limited and other key management personnel, including their personally related entities are set out below:

		Short-Term		Termination Benefits	Post-Employment	Other Long-Term	Share Based Payments [1]				
	Year	Salaries & director fees	Annual leave	Termination Benefits [12]	Superannuation	Long service leave	STI	LTI	Sign-on Rights/Options	Total $	% of remuneration consisting of share-based payments
Directors											
Mark Eames [2]	**FY23**	**163,589**	**923**	**-**	**17,177**	**-**	**-**	**20,000** [13]	**-**	**201,689**	**10%**
	FY22	240,000	36,582	-	24,000	-	-	181,128	-	481,710	38%
Peter Schubert [3]	**FY23**	**99,019**	**1,058**	**-**	**10,397**	**-**	**-**	**20,000** [13]	**-**	**130,474**	**15%**
	FY22	275,000	6,839	-	27,500	-	-	144,902	-	454,241	32%
Jim McKerlie [4]	**FY23**	**100,000**	**-**	**-**	**10,500**	**-**	**-**	**-**	**-**	**110,500**	**-**
	FY22	35,288	-	-	3,529	-	-	-	-	38,817	-
Paul White [4]	**FY23**	**100,000**	**-**	**-**	**10,500**	**-**	**-**	**-**	**-**	**110,500**	**-**
	FY22	35,288	-	-	3,529	-	-	-	-	38,817	-
Simon Wandke [5]	**FY23**	**109,450**	**-**	**-**	**-**	**-**	**-**	**20,000** [13]	**-**	**129,450**	**15%**
	FY22	6,029	-	-	-	-	-	-	-	6,029	-
Carmen Letton [6]	**FY23**	**40,994**	**-**	**-**	**4,304**	**-**	**-**	**-**	**-**	**45,298**	**-**
	FY22	-	-	-	-	-	-	-	-	-	-
Malcolm Randall [7]	**FY23**	**37,878**	**-**	**-**	**3,977**	**-**	**-**	**-**	**-**	**41,855**	**-**
	FY22	75,000	-	-	7,500	-	-	-	-	82,500	-
Executives											
Tim Dobson [8]	**FY23**	**441,666**	**35,813**	**-**	**25,292**	**-**	**299,944**	**55,303**	**145,790**	**1,003,808**	**50%**
	FY22	-	-	-	-	-	-	-	-	-	-
Ian Kirkham [9]	**FY23**	**185,577**	**8,987**	**62,500**	**19,486**	**-**	**-**	**-**	**-**	**276,550**	**-**
	FY22	18,910	1,672	-	1,891	-	-	-	87,500	109,973	80%
Stephen Weir [10]	**FY23**	**59,073**	**-**	**93,172**	**12,896**	**-**	**-**	**171,356**	**-**	**336,497**	**51%**
	FY22	257,590	(1,127)	-	25,759	-	-	160,138	-	442,360	36%
Frank DeMarte [11]	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	91,500	13,756	40,000	9,150	-	-	63,338	-	217,744	29%
Total	**FY23**	**1,337,246**	**46,781**	**155,672**	**114,529**	**-**	**299,944**	**286,659**	**145,790**	**2,386,621**	**31%**
	FY22	1,034,605	57,722	40,000	102,858	-	-	549,506	87,500	1,872,191	34%

REMUNERATION REPORT (AUDITED) (continued)

(1) Relates to non-cash expenses in relation to directors and employee options and performance rights granted.
(2) M Eames was appointed as Chair on 15 May 2022. Prior to that, Mr Eames served as the Technical Director on a part-time basis from 1 May 2021 to 15 May 2022. As per the terms of his executive employment agreement, Mr. Eames received his notice period payment until 19 July 2022, as well as his accrued leave entitlements. Effective 20 July 2022 his base fee was $150,000.
(3) P Schubert resigned as Chair and Interim CEO and was appointed as Non-Executive Director on 15 May 2022. As per the terms of his executive employment agreement, Mr. Schubert received his notice period payment until 19 July 2022, as well as his accrued leave entitlements. Effective 20 July 2022, his base fee was $90,000.
(4) J McKerlie and P White were appointed as Non-Executive Director on 12 January 2022.
(5) S Wandke was appointed as Non-Executive Director on 6 June 2022.
(6) C Letton was appointed as Non-Executive Director on 25 January 2023.
(7) M Randall resigned on 23 November 2022.
(8) T Dobson was appointed as Chief Executive Officer on 23 August 2022. Share Based- Payments for FY2023 refers to the valuation of Sign-On performance rights, Short-Term Incentive Performance Rights, and Long-Term Incentive Options granted in FY2023.
(9) I Kirkham was appointed as Chief Financial Officer on 30 May 2022 and was appointed as Company Secretary on 20 July 2022. Mr Kirkham resigned as CFO & Company Secretary on 14 April 2023 resulting in the forfeiture of his Performance Rights (STI) and Long-Term Incentives (LTI).
(10) S Weir was appointed as Interim CEO for the period 15 May 2022 to 22 August 2022 and he resumed his role as CDO on 23 August 2022. Mr Weir resigned on 14 October 2022.
(11) F DeMarte resigned as Chief Financial Officer & Company Secretary on 3 December 2021. $40,000 under other payment relates to ex-gratia termination payment. A further payment of $67,200 was made to Mr DeMarte post his resignation which is not included above.
(12) Termination benefits relates to ex-gratia and notice period payments.
(13) The issue of $20,000 worth of unquoted options was approved for Mr Eames, Mr Schubert and Mr Wandke but not approved for the other non-executive directors at the 2022 AGM. Consequently, the directors for which unquoted options were approved elected not to accept the issue of the options. AASB 2 accounts for a voluntary surrender in the award as a cancellation and therefore recognised immediately. Notwithstanding the expense, in line with the voluntary surrender, the Company has not issued the options and the directors have not and will not receive any options in respect to this award.

REMUNERATION REPORT (AUDITED) (continued)

5.2 Shareholdings of Key Management Personnel

The number of shares held in Magnetite Mines Limited during the financial year:

	Year	Balance – beginning of financial year	Granted as remuneration	On exercise of options	Net change – other	Balance – end of financial year
Directors						
Mark Eames [1]	**FY23**	**986,359**	**-**	**-**	**43,641**	**1,030,000**
	FY22	801,966	-	-	184,393	986,359
Peter Schubert [2]	**FY23**	**2,275,128**	**-**	**-**	**-**	**2,275,128**
	FY22	2,115,732	-	100,000	59,396	2,275,128
Jim McKerlie [3]	**FY23**	**76,000**	**-**	**-**	**-**	**76,000**
	FY22	-	-	-	76,000	76,000
Paul White [4]	**FY23**	**21,637**	**-**	**-**	**124,316**	**145,953**
	FY22	-	-	-	21,637	21,637
Simon Wandke [5]	**FY23**	**-**	**-**	**-**	**20,000**	**20,000**
	FY22	-	-	-	-	-
Carmen Letton [6]	**FY23**	**-**	**-**	**-**	**-**	**-**
	FY22	-	-	-	-	-
Malcolm Randall [7]	**FY23**	**356,000**	**-**	**-**	**(356,000)**	**-**
	FY22	340,060	-	-	15,940	356,000
Executives						
Tim Dobson [8]	**FY23**	**-**	**125,000**	**-**	**40,000**	**165,000**
	FY22	-	-	-	-	-
Ian Kirkham [9]	**FY23**	**-**	**-**	**-**	**-**	**-**
	FY22	-	-	-	-	-
Stephen Weir [10]	**FY23**	**120,000**	**-**	**-**	**(120,000)**	**-**
	FY22	-	-	-	120,000	120,000
Frank DeMarte [11]	**FY23**	**-**	**-**	**-**	**-**	**-**
	FY22	330,633	-	-	(330,633)	-
Total	**FY23**	**3,835,124**	**125,000**	**-**	**(248,043)**	**3,712,081**
	FY22	3,588,391	-	100,000	146,733	3,835,124

Note – On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The total number of shares prior to share consolidation has been restated to post-consolidation number of shares.

(1) M Eames was appointed as Chair on 15 May 2022. Prior to that, he was appointed as a Technical director on a part-time basis for the period 1 May 2021 to 15 May 2022.
(2) P Schubert resigned as Chair and Interim CEO and was appointed as Non-Executive Director on 15 May 2022.
(3) J McKerlie was appointed as Non-Executive Director on 12 January 2022.
(4) P White was appointed as Non-Executive Director on 12 January 2022.
(5) S Wandke was appointed as Non-Executive Director on 6 June 2022.
(6) C Letton was appointed as Non-Executive Director on 25 January 2023
(7) M Randall resigned on 23 November 2022.
(8) T Dobson was appointed as Chief Executive Officer on 23 August 2022.
(9) I Kirkham was appointed as Chief Financial Officer on 30 May 2022 and was appointed as Company Secretary on 20 July 2022. Mr Kirkham resigned as CFO & Company Secretary on 14 April 2023.
(10) S Weir was appointed as Interim CEO for the period 15 May 2022 to 22 August 2022 and he resumed his role as CDO on 23 August 2022. Mr Weir resigned on 14 October 2022.
(11) F DeMarte resigned as Chief Financial Officer & Company Secretary on 3 December 2021. Mr DeMarte exercised 5,000,000 unquoted options post his resignation.

REMUNERATION REPORT (AUDITED) (continued)

5.3 Quoted Option holding of Key Management Personnel

The number of quoted options exercisable at $2.50 each expired on 20 May 2023 held in Magnetite Mines Limited during the financial year by key management personnel are detailed below. These options were issued on 22 June 2022 as part of the 2022 Rights Issue.

	Year	Balance – beginning of financial year	Issued during the year	Exercised during the year	Expired during the year	Net change – other	Balance – end of financial year
Directors							
Mark Eames	**FY23**	**92,197**	**-**	**-**	**(92,197)**	**-**	**-**
	FY22	-	92,197	-	-	-	92,197
Peter Schubert	**FY23**	**20,000**	**-**	**-**	**(20,000)**	**-**	**-**
	FY22	-	20,000	-	-	-	20,000
Jim McKerlie	**FY23**	**13,000**	**-**	**-**	**(13,000)**	**-**	**-**
	FY22	-	13,000	-	-	-	13,000
Paul White	**FY23**	**8,000**	**-**	**-**	**(8,000)**	**-**	**-**
	FY22	-	8,000	-	-	-	8,000
Malcolm Randall (1)	**FY23**	**8,000**	**-**	**-**	**-**	**(8,000)**	**-**
	FY22	-	8,000	-	-	-	8,000
Executives							
Stephen Weir (2)	**FY23**	**30,000**	**-**	**-**	**-**	**(30,000)**	**-**
	FY22	-	30,000	-	-	-	30,000
Total	**FY23**	**171,197**	**-**	**-**	**(133,197)**	**(38,000)**	**-**
	FY22	-	171,197	-	-	-	171,197

Note – On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of unquoted options on issue was adjusted on the basis that every 50 unquoted options be consolidated into 1 unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of quoted options on issue and the corresponding exercise price of the quoted options resulted in no incremental value.

(1) M Randall resigned on 23 November 2022.
(2) S Weir was appointed as Interim CEO for the period 15 May 2022 to 22 August 2022 and he resumed his role as CDO on 23 August 2022. Mr Weir resigned on 14 October 2022.

All equity transactions with key management personnel other than those arising from the exercise of remuneration options have been entered into under terms and conditions no more favourable than those the Company would have adopted if dealing at arm's length.

REMUNERATION REPORT (AUDITED) (continued)

5.4 Details of Performance Rights held by Key Management Personnel

The following table sets out the information about the performance rights over Magnetite Mines Limited's shares held by Key Management Personnel, including the movements in rights held during the financial year. For further details relating to options, refer to note 21.

Key Management Personnel	Balance at the beginning of period 1 July 2022	No. of rights granted	Grant date	Fair value per right at grant date (Note 21)	Vesting date	No. vested during the year	% vested during the year	No. lapsed during the year	% lapsed during the year	Balance at 30 June 2023	Value of rights granted during the year	Value of rights vested during the year
Tim Dobson [1]												
FY23 Sign-On Performance Rights 'Tranche 1'	-	125,000	23/11/2022	$0.80	30/06/2023	(125,000)	100%	-	-	-	$100,000	$100,000
FY23 Sign-On Performance Rights 'Tranche 2'	-	125,000	23/11/2022	$0.80	1/07/2024	-	-	-	-	125,000	$100,000	-
FY23 STI-Target Performance Rights	-	398,438	23/11/2022	$0.80	30/06/2023	(374,930)	94%	(23,508)	6%	-	$318,750	$299,944
Ian Kirkham [2]												
FY23 STI-Target Performance Rights	-	153,218	2/02/2023	$0.4895	-	-	-	(153,218)	100%	-	$75,000	-
Total FY23	**-**	**801,656**				**(499,930)**		**(176,726)**		**125,000**	**$593,750**	**$399,944**

Note
(1) Mr Dobson's Performance Rights were approved by Shareholders under ASX Listing Rule 10.14, at the AGM on 23 November 2022.
(2) I Kirkham was appointed as Chief Financial Officer on 30 May 2022 and was appointed as Company Secretary on 20 July 2022. Mr Kirkham resigned as CFO & Company Secretary on 14 April 2023 resulting in the forfeiture of his rights.
(3) On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of performance rights on issue was adjusted on the basis that every 50 performance rights be consolidated into 1 performance right in accordance with Listing Rules 7.21 and 7.22.

There were no alterations to the terms and conditions of options granted as remuneration since their grant date other than the adjustment to the number of options and exercise price of the unquoted options due to share consolidation as mentioned above.

REMUNERATION REPORT (AUDITED) (continued)

5.5 Details of Unquoted Options issued to Key Management Personnel

The following table summarises the value of options granted, exercised or lapsed for the year ended 30 June 2023. For further details relating to options, refer to note 21.

Key Management Personnel	Year	No. of options granted as remuneration	Grant date	FV per option at grant date (Note 21)	Vesting date	Exercise price per option (Note 21)	Expiry date	No. vested during the year	No. lapsed/ cancelled during the year	Value of options granted during the year	Value of options exercised during the year
Directors											
Mark Eames [7]	**FY23**	**47,058**	**23/11/2023**	**$0.42**	**23/11/2023**	**$1.34**	**30/11/2025**	**-**	**47,058**	**$20,000**	**-**
	FY22	300,000	29/11/2021	$0.60	14/12/2021[1]	$1.76[6]	13/12/2024	300,000	-	$181,128	-
Peter Schubert [7]	**FY23**	**47,058**	**23/11/2023**	**$0.42**	**23/11/2023**	**$1.34**	**30/11/2025**	**-**	**47,058**	**$20,000**	**-**
	FY22	240,000	29/11/2021	$0.60	14/12/2021[1]	$1.76[6]	13/12/2024	240,000	-	$144,902	$29,000
Jim McKerlie	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	-	-	-	-	-	-	-	-	-	-
Paul White	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	-	-	-	-	-	-	-	-	-	-
Simon Wandke [7]	**FY23**	**47,058**	**23/11/2023**	**$0.42**	**23/11/2023**	**$1.34**	**30/11/2025**	**-**	**47,058**	**$20,000**	**-**
	FY22	-	-	-	-	-	-	-	-	-	-
Carmen Letton	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	-	-	-	-	-	-	-	-	-	-
Malcolm Randall	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	-	-	-	-	-	-	-	-	-	-
Executives											
Tim Dobson [2]	**FY23**	**382,883**	**23/11/2022**	**$0.55**	**30/11/2025**	**$1.34**	**1/12/2028**	**-**	**-**	**$212,500**	**-**
	FY22	-	-	-	-	-	-	-	-	-	-
Ian Kirkham [3]	**FY23**	**108,069**	**02/02/2023**	**$0.35**	**01/12/2026**	**$0.78**	**01/02/2029**	**-**	**108,069**	**$37,500**	**-**
	FY22	135,360	27/06/2022	$0.65	27/06/2022	$1.95	27/06/2025	135,360	-	$87,500	-
Stephen Weir [4]	**FY23**	**286,071**	**14/10/2022**	**$0.60**	**14/10/2022**	**$2.03**	**14/10/2025**	**286,071**	**-**	**$171,643**	**-**
	FY22	268,000	9/12/2021	$0.60	8/12/2021	$1.81[6]	8/12/2024	268,000	-	$160,138	-
Frank DeMarte [5]	**FY23**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	FY22	106,000	9/12/2021	$0.60	8/12/2021	$1.81[6]	8/12/2024	106,000	-	$63,338	-
Total	**FY23**	**777,023**			**-**			**286,071**	**108,069**	**$421,643**	**-**
	FY22	1,049,360			-			1,049,360	-	$637,006	$29,000

REMUNERATION REPORT (AUDITED) (continued)

Note – On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of unquoted options on issue was adjusted on the basis that every 50 unquoted options be consolidated into 1 unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of unquoted options on issue and the corresponding exercise price of the unquoted options resulted in no incremental value.

(1) Although directors' options were granted on 29/11/2021, they were not issued till 14/12/2021.
(2) T Dobson was appointed as Chief Executive Officer on 23 August 2022. Mr Dobson's options were approved by Shareholders under ASX Listing Rule 10.14, at the AGM on 23 November 2022.
(3) S Weir was appointed as Interim CEO for the period 15 May 2022 to 22 August 2022 and he resumed his role as CDO on 23 August 2022. Mr Weir resigned on 14 October 2022.
(4) I Kirkham was appointed Chief Financial Officer on 30 May 2022 and Company Secretary on 20 July 2022. Within six weeks of commencement, the executive was granted an option incentive of 35 per cent of the Executive's base salary ($87,500). Mr Kirkham resigned as CFO & Company Secretary on 14 April 2023.
(5) F DeMarte resigned as Chief Financial Officer & Company Secretary on 3 December 2021.
(6) The exercise price of awards issued in the previous periods has been amended in accordance with Option Incentive Plan and Listing Rule 6.22.2 due to the pro-rata issue that occurred in the previous periods.
(7) The issue of $20,000 worth of unquoted options was approved for Mr Eames, Mr Schubert and Mr Wandke but not approved for the other non-executive directors at the 2022 AGM. Consequently, the directors for which unquoted options were approved elected not to accept the issue of the options. AASB 2 accounts for a voluntary surrender in the award as a cancellation and therefore recognised immediately. Notwithstanding the expense, in line with the voluntary surrender, the Company has not issued the options and the directors have not and will not receive any options in respect to this award.

There were no alterations to the terms and conditions of options and performance rights granted as remuneration since their grant date other than the adjustment to the number of performance rights and number of options and the exercise price of the unquoted options due to share consolidation as mentioned above. The value of the options exercised during the year is calculated as the market price of shares of the Company on the Australian Securities Exchange at the close of trading on the date the options were exercised after deducting the price paid to exercise the options. Options issued to employees vest on the basis that continued employment with the Company is achieved. All employees leaving while options are vesting will forfeit their options. The directors options vest on the date of issue. For details on the valuation of the options, including models and assumptions used, please refer to Note 21.

REMUNERATION REPORT (AUDITED) (continued)

5.6 Unquoted option holdings of Key Management Personnel (Consolidated and Parent Entity)

The number of options over ordinary shares held in Magnetite Mines Limited during the financial year.

	Balance at beginning of period 1 July 2022 (1) & (2)	Grant date	Expiry Date	Granted during the year	Options Exercised	Options Expired /lapsed/ cancelled	Net Change Other	Balance at end of period 30 June 2023	Vested at 30 June 2023	
									Exercisable	Not Exercisable
Directors										
Peter Schubert (6)	-	23-Nov-23	30-Nov-23	47,058	-	(47,058)	-	-	-	-
	200,000	1-Dec-17	30-Nov-22	-	-	(200,000)	-	-	-	-
	400,000	27-Nov-20	15-Dec-25	-	-	-	-	400,000	400,000	-
	240,000	29-Nov-21	13-Dec-24	-	-	-	-	240,000	240,000	-
Mark Eames (6)	-	23-Nov-23	30-Nov-23	47,058	-	(47,058)	-	-	-	-
	200,000	27-Nov-20	15-Dec-25	-	-	-	-	200,000	200,000	-
	300,000	29-Nov-21	13-Dec-24	-	-	-	-	300,000	300,000	-
Jim McKerlie	-	-	-	-	-	-	-	-	-	-
Paul White	-	-	-	-	-	-	-	-	-	-
Simon Wandke (6)	-	23-Nov-23	30-Nov-23	47,058	-	(47,058)	-	-	-	-
Carmen Letton	-	-	-	-	-	-	-	-	-	-
Malcolm Randall (3)	200,000	2-Dec-19	1-Dec-24	-	-	-	(200,000)	-	-	-
Executives										
Tim Dobson	-	23-Nov-22	1-Dec-28	382,883	-	-	-	382,883	-	382,883
Ian Kirkham (4)	135,360	27-Jun-22	27-Jun-25	-	-	-	(135,360)	-	-	-
	-	2-Feb-23	1-Dec-29	108,069	-	(108,069)	-	-	-	-
Stephen Weir (5)	268,000	9-Dec-21	8-Dec-24	-	-	-	(268,000)	-	-	-
	-	14-Oct-22	14-Oct-25	286,071	-	-	(286,071)	-	-	-
Total	**1,943,360**			**777,023**	**-**	**(308,069)**	**(889,431)**	**1,522,883**	**1,140,000**	**382,883**

Note:
(1) Quoted options that are not issued as part of remuneration is removed from the table.
(2) On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of unquoted options on issue was adjusted on the basis that every 50 unquoted options be consolidated into 1 unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of unquoted options on issue and the corresponding exercise price of the unquoted options resulted in no incremental value.
(3) M Randall resigned on 23 November 2023.

REMUNERATION REPORT (AUDITED) (continued)

(4) I Kirkham was appointed Chief Financial Officer on 30 May 2022 and Company Secretary on 20 July 2022. Within six weeks of commencement, the executive was granted a sign-on option incentive of 35 per cent of the Executive's base salary ($87,500), with the options granted on 28 June 2022. Mr Kirkham resigned as CFO & Company Secretary on 14 April 2023 resulting in the forfeiture of his LTI options granted on 2 February 2023.

(5) S Weir was appointed as Interim CEO for the period 15 May 2022 to 22 August 2022 and he resumed his role as CDO on 23 August 2022. Mr Weir resigned on 14 October 2022.

(6) The issue of $20,000 worth of unquoted options was approved for Mr Eames, Mr Schubert and Mr Wandke but not approved for the other non-executive directors at the 2022 AGM. Consequently, the directors for which unquoted options were approved elected not to accept the issue of the options. AASB 2 accounts for a voluntary surrender in the award as a cancellation and therefore recognised immediately. Notwithstanding the expense, in line with the voluntary surrender, the Company has not issued the options and the directors have not and will not receive any options in respect to this award.

5.7 Loans to key management personnel

No loans were made to key management personnel during the year ended 30 June 2023.

5.8 Other transactions with key management personnel and their related parties

No related party transactions occurred during the year ending on 30 June 2023, and no loans were granted to the Company's Directors, KMP, or their related entities during the year. (Refer to note 24).

END OF REMUNERATION REPORT

Directors' Meetings

The following table sets out the number of meetings of directors held during the year and the number of meetings attended by each director:

	Board of Directors		Audit & Risk Committee		Nomination & Remuneration Committee		Due Diligence Committee	
Name	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend	Number attended	Number eligible to attend
Mark Eames	12	12	2	2	4	4	-	-
Peter Schubert	12	12	-	-	-	-	2	2
Jim McKerlie	12	12	2	2	4	4	2	2
Paul White	12	12	-	-	4	4	-	-
Carmen Letton	5	6	-	1	-	-	2	2
Simon Wandke	12	12	1	1	-	-	-	-
Malcolm Randall [1]	2	4	-	1	-	-	-	-

Note
(1) M Randall resigned on 23 November 2022.

Committee Memberships

As at the date of this report, the Company had an Audit & Risk Committee, Nomination & Remuneration Committee and Due Diligence Committee.

Audit & Risk	Nomination & Remuneration	Due Diligence
Jim McKerlie (C)	Paul White (C)	Jim McKerlie (C)
Mark Eames	Mark Eames	Peter Schubert
Simon Wandke	Jim McKerlie	Carmen Letton
Carmen Letton		

Note: (C) Designates the Chair of the Committee.

Proceedings on behalf of the Company

During the year, no person applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Consolidated Entity is a party for the purposes of taking responsibility on behalf of the Company for all or any part of the proceedings.

Deeds of access, indemnity and insurance

The Company has entered into Deeds of Access, Indemnity and Insurance (Deed) with each director and executive, including the Company Secretary.

The Deed indemnifies each of its directors and executives (Officeholders) for the period that they hold and for seven years after they cease to be a director and officer of the Company (Access Period) to the maximum extent permitted by law for any loss, cost, expense or liability incurred by the Officeholder in connection with the Officeholder's position, including in respect to negligence, and all legal costs reasonably incurred in defending legal proceedings relating to the Officeholder's conduct. Any payment in respect of the indemnity is subject to shareholder approval.

The Company must insure the Officeholders for the Access Period against all liability, including legal costs, to which they are exposed in performing their role. The Company is not required to insure the Officeholders in respect of conduct involving a wilful breach of duty or a contravention of section 182 or 183 of the Corporations Act 2001, other than in respect of all legal costs associated with defending such claims (including in relation to criminal matters). The Directors of the Company are not aware of any such proceedings or claims brought against the Company as at the date of this report.

Insurance of directors and officers

During the financial year, the Company paid premiums to insure the directors and officers of the Company against liabilities for costs and expenses that may be incurred by the directors in defending civil or criminal proceedings that may be brought against the directors and officers in their capacity as officers of the Company, other than conduct involving a wilful breach of duty in relation to the Company. During the financial year $53,221 was paid to insure the directors and officers of the Company for the period 31 July 2022 to 31 July 2023.

Indemnification of auditors

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young Australia, as part of the terms of its audit engagement agreement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young Australia during or since the financial year.

Non-audit services

During the year ended 30 June 2023, $2,000 was paid to Stantons International for non-audit services for directors' option valuation which occurred prior to the appointment of Ernst & Young Australia as auditors on 23 November 2022. The nature and scope of each type of non-audit service provided means that auditor independence was not compromised.

Auditor independence

The auditor's independence declaration for the year ended 30 June 2023 has been received and can be found on page 57.

It is signed in accordance with a resolution of the directors.

Mark Eames

MARK EAMES
Chair

Dated in Sydney this 25 September 2023

Building a better working world

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

As lead auditor for the audit of the financial report of Magnetite Mines Limited for the financial year ended 30 June 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 audit;

b. No contraventions of any applicable code of professional conduct in relation to the audit; and

c. No non-audit services provided that contravene any applicable code of professional conduct in relation to the audit.

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

Ernst & Young

Ernst & Young

L A Carr

L A Carr
Partner
25 September 2023

Consolidated Statement of Profit or Loss & Other Comprehensive Income

FOR THE YEAR ENDING 30 JUNE 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
REVENUE			
Interest income		273,884	47,660
Other income	4(a)	212,587	195,444
Total revenue		486,471	243,104
EXPENDITURE			
Amortisation and depreciation	4(b)	(255,677)	(106,752)
Administration expenses		(645,863)	(367,750)
Employee benefits expense		(2,414,420)	(1,434,752)
Exploration expenditure	12	(14,577)	(7,268)
Finance costs		(4,190)	(1,874)
Interest expense	4(c)	(133,039)	(107,500)
Loss on sale of plant and office equipment		(2,053)	(998)
Other expenses		(437,072)	(330,677)
Professional fees		(580,676)	(505,058)
Share based payment expense	18(d)	(1,330,095)	(1,042,133)
Loss before income tax expense		(5,331,191)	(3,661,658)
Income tax (expense)/benefit	5(a)	-	-
Net loss for the year		(5,331,191)	(3,661,658)
Other comprehensive income for the year, net of tax		-	-
Total comprehensive loss for the year		(5,331,191)	(3,661,658)
Net Loss attributable to members of the parent entity		(5,331,191)	(3,661,658)
Comprehensive loss attributable to members of the parent entity		(5,331,191)	(3,661,658)

	Note	2023 $	2022 $
Loss per share attributable to ordinary equity holders:			
Basic loss (cents per share) [(1)]	7(a)	(0.070)	(0.057)
Diluted loss (cents per share) [(1)]	7(b)	(0.070)	(0.057)

Note

(1) On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. Prior year figures for basic and diluted loss per share have been restated to post share consolidation figures.

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes.

Consolidated Statement of Financial Position

AS AT 30 JUNE 2023

	Note	Consolidated 2023 $	Consolidated 2022 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	8(a)	5,134,710	19,347,437
Other receivables	9(a)	274,634	738,488
TOTAL CURRENT ASSETS		5,409,344	20,085,925
NON-CURRENT ASSETS			
Other receivables	9(b)	112,588	112,588
Exploration expenditure	12	32,863,921	25,228,677
Property, plant and equipment	13	107,343	128,478
Intangible assets	14	-	27
Right of use of assets	6	477,950	236,306
TOTAL NON-CURRENT ASSETS		33,561,802	25,706,076
TOTAL ASSETS		38,971,146	45,792,001
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	15	969,114	3,897,142
Provisions	16	267,642	332,830
Lease liabilities	6	313,855	100,816
Convertible Loan	17	1,975,000	-
TOTAL CURRENT LIABILITIES		3,525,611	4,330,788
NON-CURRENT LIABILITIES			
Convertible Loan	17	-	1,975,000
Lease liabilities	6	135,390	136,808
TOTAL NON-CURRENT LIABILITIES		135,390	2,111,808
TOTAL LIABILITIES		3,661,001	6,442,596
NET ASSETS		35,310,145	39,349,405
EQUITY			
Contributed equity	18(a)	89,513,282	89,551,446
Reserves	18(d)	13,398,439	12,068,344
Accumulated losses	19	(67,601,576)	(62,270,385)
TOTAL EQUITY		35,310,145	39,349,405

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes.

Consolidated Statement of Changes in Equity

FOR THE YEAR ENDING 30 JUNE 2023

CONSOLIDATED	Note	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2022		89,551,446	12,068,344	(62,270,385)	39,349,405
Total comprehensive income for the year					
Profit/(Loss) for the year		-	-	(5,331,191)	(5,331,191)
Total comprehensive income/(loss) for the year		-	-	(5,331,191)	(5,331,191)
Transactions with owners recorded directly in equity:					
Shares issued during the year	18(b)	833	-	-	833
Refund for exercise of unquoted options (1)	18(b)	(37,747)	-	-	(37,747)
Transaction costs	18(b)	(1,250)	-	-	(1,250)
Share based payments	18(d)	-	1,330,095	-	1,330,095
		(38,164)	1,330,095	-	1,291,931
Balance at 30 June 2023		89,513,282	13,398,439	(67,601,576)	35,310,145

Note

(1) During the year, there was a movement of $37,747 in relation to the refund of unquoted employee and director options which were exercised in the prior year in accordance with Listing Rule 6.22 and terms and conditions of these unquoted options.

CONSOLIDATED	Note	Contributed Equity $	Reserves $	Accumulated Losses $	Total $
Balance at 1 July 2021		74,554,301	10,947,217	(58,608,727)	26,892,791
Total comprehensive income for the year					
Profit/(Loss) for the year		-	-	(3,661,658)	(3,661,658)
Total comprehensive income/(loss) for the year		-	-	(3,661,658)	(3,661,658)
Transactions with owners recorded directly in equity:					
Shares issued during the year	18(b)	16,122,051		-	16,122,051
Transaction costs	18(b)	(1,124,906)	-	-	(1,124,906)
Share based payments	18(d)	-	1,121,127	-	1,121,127
		14,997,145	1,121,127	-	16,118,272
Balance at 30 June 2022		89,551,446	12,068,344	(62,270,385)	39,349,405

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

Consolidated Statement of Cash Flows

FOR THE YEAR ENDING 30 JUNE 2023

	Note	Consolidated 2023 $	2022 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Payment to suppliers and employees		(4,167,223)	(2,361,054)
Interest received		209,068	37,462
Interest paid		(133,039)	(107,500)
Other income		217,553	127,768
Net cash outflow from operating activities	8(b)	(3,873,641)	(2,303,324)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for purchase of plant and office equipment		(37,099)	(133,137)
Proceeds from sale of plant and office equipment		4,753	3,909
Placement of security deposits		-	(80,000)
Exploration and evaluation expenditure		(9,948,540)	(9,833,292)
Net cash outflow from investing activities		(9,980,886)	(10,042,520)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares	18(b)	833	16,122,051
Refund for exercise of unquoted options (1)	18(b)	(37,747)	-
Share issue costs		(87,040)	(955,826)
Repayment of lease liabilities		(234,245)	(60,867)
Net cash inflow/(outflow) from financing activities		(358,199)	15,105,358
Net increase/(decrease) in cash and cash equivalents held		(14,212,727)	2,759,514
Cash and cash equivalents at the beginning of the financial year		19,347,437	16,587,923
Cash and cash equivalents at the end of the financial year	8(a)	5,134,710	19,347,437

Note

(1) During the year, there was a movement of $37,747 in relation to the refund of unquoted employee and director options which were exercised in the prior year in accordance with Listing Rule 6.22 and terms and conditions of these unquoted options.

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes.

1. CORPORATE INFORMATION

The consolidated financial statements of Magnetite Mines Limited ("Company") comprise the Company and its subsidiaries (together referred to as the "Group") for the year ended 30 June 2023 was authorised for issue in accordance with a resolution of the directors on 25 September 2023. Magnetite Mines Limited is a for profit company limited by shares incorporated and domiciled in Australia whose shares are publicly traded on the Australian Securities Exchange Ltd. The principal activity of the Consolidated Entity during the year was mineral exploration in Australia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Preparation

The financial report is a general-purpose financial report, which has been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standards (including Australian Accounting Standards and Interpretations).

The financial report has also been prepared on a historical basis and the accruals basis, except for certain financial instruments that have been measurement at fair value.

Going Concern

The accounts have been prepared on a going concern basis, which contemplates continuity of normal business activities and the realisation of assets and settlement of liabilities in the normal course of business.

The Group recorded a loss of $5,331,191 (2022: loss $3,661,658) for the year ended 30 June 2023. The Group had cash assets of $5,134,710 at 30 June 2023 (2022: $19,347,437), and operating and investing cash outflows of $13,854,527 (2022: $12,345,844). The net working capital surplus at 30 June 2023 was $1,883,733 (2022: Net working capital surplus $15,755,137). The Group has a convertible note loan liability that is expected to be settled in cash for $1,975,000 plus interest of $114,712 on 31 March 2024 subject to the approval of the revised terms from the creditors of Mintech, and minimum exploration commitments due within one year of $3,464,121 (2022: $Nil).

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 December 2024, which indicates the current cash balance is insufficient to meet its ongoing planned expenditure for the next twelve months from the date of this report. These conditions indicate the existence of a material uncertainty that may cast significant doubt over the Group's ability to continue as a going concern over the next 12 months.

The Directors at the date of signing this report remain confident, based on past performance, that they will be successful in their plan to raise further funds from the issue of equity in the first half of fiscal year 2024, obtain additional equity funding as required to progress the planned project activity across the remainder of fiscal year 2024, undertake Razorback project sell-down or an interest carry to manage cash flows, and/or secure debt to fund the Group's ongoing planned expenditure on the Razorback project. The Directors also expect the necessary approvals to defer cash flows on unbudgeted exploration commitments required to maintain in good standing tenements outside of the Razorback project will be obtained. Directors can also defer or reduce corporate and/or exploration and evaluation expenditures at relatively short notice if required.

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.

Statement of compliance

The consolidated financial statements comply with Australian Accounting Standards and International Financial Reporting Standards (IFRS).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Principles of Consolidation

The consolidated financial statements incorporate all of the assets, liabilities and results of the parent Magnetite Mines Limited and all of the subsidiaries. Subsidiaries are entities the parent controls. The parent controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. A list of the subsidiaries is provided in Note 10.

The assets, liabilities and results of all subsidiaries are fully consolidated into the financial statements of the Group from the date on which control is obtained by the Group.

The consolidation of a subsidiary is discontinued from the date that control ceases. Intercompany transactions, balances and unrealised gains or losses on transactions between Group entities are fully eliminated on consolidation. Accounting policies of subsidiaries have been changed and adjustments made where necessary to ensure uniformity of the accounting policies adopted by the Group.

(b) Adoption of New and Revised Accounting Standards

The Group has adopted all new and revised Standards and Interpretations issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current reporting period.

The adoption of these new and revised Standards and Interpretation did not have any impact on the consolidated financial statements of the Group during the period.

(c) New and revised Australian Accounting Standards and Interpretations on issue but not yet effective

Early adoption has not been applied to any of these, and the applicable new and amended standards and interpretations are provided in the list below.

- **AASB 2020-1: Amendments to Australian Accounting Standards – Classification of Liabilities as Current or Non-current**

  The amendment amends AASB 101 to clarify whether a liability should be presented as current or non-current. The Group plans on adopting the amendment effective 1 July 2024. The amendment is not expected to have a material impact on the financial statements once adopted.

- **AASB 2021-2: Amendments to Australian Accounting Standards – Disclosure of Accounting Policies and Definition of Accounting Estimates**

  The amendment amends AASB 7, AASB 101, AASB 108, AASB 134 and AASB Practice Statement 2. These amendments arise from the issuance by the IASB of the following International Financial Reporting Standards: Disclosure of Accounting Policies (Amendments to IAS 1 and IFRS Practice Statement 2) and Definition of Accounting Estimates (Amendments to IAS 8). The Group plans on adopting the amendment for the reporting period beginning on or after 1 July 2023. The amendment to this standard is not expected to have an impact on the Group.

- **AASB 2021-5: Amendments to Australian Accounting Standards – Deferred Tax related to Assets and Liabilities arising from a Single Transaction**

The amendment amends the initial recognition exemption in AASB 112: Income Taxes such that it is not applicable to leases and decommissioning obligations – transactions for which companies recognise both an asset and liability and that give rise to equal taxable and deductible temporary differences. The Group plans on adopting the amendment for the reporting period beginning on or after 1 July 2023. The amendment to this standard is not expected to have an impact on the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(d) Significant accounting estimates and assumptions

The carrying amounts of certain assets and liabilities are often determined based on estimates and assumptions of future events. The key estimate and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of certain assets and liabilities within the next annual reporting period are:

Share based payment transactions
Estimating fair value for share-based payment transactions requires determination of the most appropriate valuation model, which depends on the terms and conditions of the grant. This estimate also requires determination of the most appropriate inputs to the valuation model including the expected life of the share option or appreciation right, volatility and dividend yield and making assumptions about them. For the measurement of the fair value of equity-settled transactions with employees at the grant date, the Group uses Black-Scholes option pricing model and a Monte-Carlo simulation model for valuing the share option plan. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 21.

Mineral Exploration and Evaluation
Exploration and evaluation expenditure is accumulated in respect of each identifiable area of interest. The carrying values are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. A provision for impairment is based on the directors' best estimate of recoverable value.

Exploration and evaluation costs may be carried forward in respect of an area that has not at balance sheet date reached a stage which permits a reasonable assessment of the existence or otherwise of economically recoverable reserves, and active operations in or relating to, the area of interest are continuing.

Recovery of Deferred Tax assets
Judgment is required in determining whether deferred tax assets are recognised in the balance sheet. Deferred tax assets, including those arising from un-utilised tax losses require management to assess the likelihood that the Group will generate taxable earnings in future periods, in order to utilise recognised deferred tax assets. Deferred tax assets will not be recognised until the Group is able to generate a net taxable income.

Estimates of future taxable income will be based on forecast cash flows from operations and the application of existing tax laws in each jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Group to realise the net deferred tax assets recorded at the reporting date could be impacted.

Additionally, future changes in tax laws in the jurisdictions in which the Group operates could limit the ability of the Group to obtain tax deductions in future periods.

(e) Cash and cash equivalents

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank and in hand and short-term deposits with an original maturity of three months or less.

For the purposes of the Statement of Cash Flow, cash and cash equivalents consist of cash and cash equivalents as detailed above, net of outstanding bank overdrafts.

(f) Income tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the balance sheet date.

Deferred income tax is provided on all temporary differences at the balance sheet date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes using the full liability balance sheet approach. Deferred income tax liabilities are recognised for all taxable temporary differences except:

- when the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- when the taxable temporary difference is associated with investments in subsidiaries, associates or interests in joint ventures, and the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised, except:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Income tax (continued)

- When the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; or
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

(g) Other taxes

Revenues, expenses and assets are recognised net of amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the assets or as part of the expense item as applicable; and
- receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the Statement of Financial Position.

Cash flows are included in the Statement of Cash Flows on a gross basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the taxation authority, are classified as operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the taxation authority.

Deferred tax assets are recognised for unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits, together with future tax planning strategies.

These losses relate to subsidiaries that have a history of losses, do not expire, and may not be used to offset taxable income elsewhere in the Group. The subsidiaries neither have any taxable temporary difference nor any tax planning opportunities available that could partly support the recognition of these losses as deferred tax assets. On this basis, the Group has determined that it cannot recognise deferred tax assets on the tax losses carried forward.

(h) Plant and equipment

Plant and equipment is stated at cost less any accumulated depreciation and any impairment losses.

Depreciation

The depreciable amount of all fixed assets is depreciated on a diminishing value basis over their useful lives to the Group commencing from the time the asset is held ready for use.

The depreciation rates used for each class of depreciable assets are:
Plant and equipment – 37.5%
Office equipment – 37.5%

The recoverable amount of plant and equipment is the greater of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the value of plant and equipment and the risks specific to the asset.

An item of plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the period the item is being derecognised.

(i) Intangibles

Intangible assets are made up of licences and software and are stated at cost less any accumulated amortisation and any impairment value.

The amortisation of all intangible assets are amortised on a straight line basis over two years of their useful lives to the Group commencing from the time that assets is held ready for use.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(j) Exploration, evaluation and development expenditure

Exploration, evaluation and development 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 evaluation 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.

(k) Trade and other payables

Trade payables and other payables are carried at amortised cost and represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of the purchase of these goods and services.

Trade payables and other payables are carried at amortised cost which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Group.

(l) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligations and a reliable estimate can be made of the amount of the obligation.

When the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the income statement net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a borrowing cost.

(m) Earnings per share

(i) Basic earnings per share (“EPS”) is calculated by dividing the net profit/loss attributable to members for the reporting period, after excluding any costs of servicing equity, by the weighted average number of ordinary shares of the Company, adjusted for any bonus issue.

(ii) Diluted EPS is calculated by dividing the loss attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

(n) Contributed equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(o) Borrowing costs

Borrowing costs are capitalised when they relate to qualifying assets, otherwise recognised as an expense when incurred.

(p) Leases

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(p) Leases (continued)

Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset. The right-of-use assets are measured at their present value of lease payments at the commencement date and discounted using the Group's incremental borrowing rate. Subsequently the right-of-use assets are amortised based on the asset's useful life.

The Group applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option).

(q) Impairment of assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of its fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or group of assets and the asset's value in use cannot be estimated to be close to its fair value. In such cases the asset is tested for impairment as part of the cash-generating unit to which it belongs. When the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset or cash-generating unit is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Impairment losses relating to continuing operations are recognised in those expense categories consistent with the function of the impaired asset.

An assessment is also made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. If such indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised.

If that is the case the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. Such reversal is recognised in profit or loss. After such a reversal the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

(r) Share-based payment transactions

Equity settled transactions
The Group provides benefits to employees (including senior executives) of the Group in the form of share-based payments, whereby employees render services in exchange for shares or performance rights and or options over shares (equity-settled transactions).

There is currently one plan in place the Employee Option Share Plan, which provides benefits to all employees, excluding directors.

The cost of these equity-settled transactions with employees is measured by reference to the fair value of the equity instruments at the date at which they are granted. The fair value is determined by an external valuer or internally using a Black-Scholes option pricing model, further details of which are given in note 21.
In valuing equity-settled transactions, no account is taken of any performance conditions, other than conditions linked to the price of the shares of the Company (market conditions) if applicable.
The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award (the vesting period).

The cumulative expense recognised for equity-settled transactions at each reporting date until vesting date reflects:

(i) the extent to which the vesting period has expired; and
(ii) the Company's best estimate of the number of equity instruments that will ultimately vest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(r) Share-based payment transactions (continued)

No adjustment is made for the likelihood of market performance conditions being met as the effect of these conditions is included in the determination of fair value at grant date. The income statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of the period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is only conditional upon a market condition.

If the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee, as measured at the date of modification.

If an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award and designated as a replacement award on the date that it is granted, the cancelled and new award are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect, if any, of outstanding options is reflected as additional share dilution in the computation of earnings per share (see note 7).

(s) Foreign Currency Translation

Functional and present currency
The functional currency of the Company is measured using the currency of the primary economic environment in which the Company operates. The financial statements are presented in Australian dollars which is the Company's functional and presentation currency. The functional currency of all subsidiaries is Australian dollars.

Transaction and balance
Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year end exchange rate. Non-monetary items measured at historical cost continued to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

(t) Other Income

Royalty Income
Royalty income includes a variable amount of consideration, the Group estimates the amount of consideration to which it will be entitled. The variable consideration is estimated at contract inception and constrained until it's highly probably that a significant revenue reversal in the amount of cumulative revenue recognised will not occur when the associated uncertainty with the variable consideration is subsequently resolved.

Interest income
Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts though the expected life of the financial asset to that asset's net carrying amount on initial recognition.

(u) Employee Benefits

Short-term employee benefits
Liabilities recognised for salaries and wages, annual leave and any other short term employee benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the amounts expected to be paid when the liabilities are settled in respect of services provided by employees up to the reporting date.

Long-term employee benefits
Liabilities recognised in respect of long service leave and any other long term employee benefits that are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are measured at the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to the reporting date.

(v) Convertible Loan Note

On issuance of convertible loan notes, the fair value of the liability component is recognised and measured using a market interest rate for an equivalent non-convertible instrument. This amount is classified as a financial liability measured at amortised cost (net of transaction costs) until it is extinguished on conversion or redemption. Any derivates features within the host debt contract are recognised separately at fair value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(w) Financial Assets

Financial assets are recognised when the Group becomes a party to the contractual provisions of the financial instrument. Financial assets are measured initially at fair value adjusted by transaction costs, except for those carried at 'fair value through profit or loss', in which case transaction costs are expensed to profit or loss. Where available, quoted prices in an active market are used to determine the fair value. In other circumstances, valuation techniques are adopted. Subsequent measurement of financial assets are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

Classification and measurement

Financial assets

All financial assets are initially measured at fair value adjusted for transaction costs (where applicable).

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:
- amortised cost;
- fair value through other comprehensive income (FVOCI); and
- fair value through profit or loss (FVPL).

Classifications are determined by both:
- the contractual cash flow characteristics of the financial assets; and
- the Group's business model for managing the financial asset.

Financial assets at amortisation cost

Financial assets are measured at amortised cost if the assets meet with the following conditions (and are not designated as FVPL);

- they are held within a business model whose objective is to hold the financial assets and collect its contractual cash flows; and
- the contractual terms of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is immaterial. The Group's cash and cash equivalents, and other receivables fall into this category of financial instruments.

Financial assets at fair value through profit and loss (FVPL)

Financial assets at fair value through profit or loss include financial assets held for trading, derivative financial instruments, assets designated upon initial recognition at fair value through profit or loss or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term.

Impairment

The Group assesses on a forward-looking basis the expected credit loss (ECL) associated with its debt instruments carried at amortised cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. For other receivables, the Group applies the simplified approach permitted by AASB 9, which requires expected lifetime losses to be recognised from initial recognition of the receivables.

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, discounted at an approximation of the original effective interest rate.

The Group considers a financial asset in default when contractual payments 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. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

3. SEGMENT INFORMATION

The Group operates in the mineral exploration industry in Australia. For management purposes, the Group is organized into one main operating segment which involves the exploration of minerals in Australia. All of the Group's activities are interrelated and discrete financial information is reported to the Board (Chief Operating Decision Maker) as a single segment. Accordingly, all significant operating decisions are based upon analysis of the Group as one segment. The financial results from this segment are equivalent to the financial statements of the Group as a whole.

	Consolidated	
	2023	**2022**
	$	**$**
4. OTHER INCOME AND EXPENSES		
(a) Other income		
Fuel tax credit received	5,371	21,199
Royalty income	207,216	174,245
	212,587	195,444
(b) Depreciation		
Depreciation on property, plant & equipment and amortisation expenses	(51,455)	(44,567)
ROU depreciation/amortisation	(204,222)	(62,185)
	(255,677)	(106,752)
(c) Interest expense		
Interest payable on Convertible Loan Note	(98,750)	(98,750)
Interest expense from unwinding of interest of lease liabilities	(34,289)	(8,750)
	(133,039)	(107,500)

	Consolidated 2023 $	Consolidated 2022 $
5. INCOME TAX		
(a) Numerical reconciliation of income tax expense to prima facie tax payable		
Profit/(Loss) from ordinary activities before income tax expense	(5,331,191)	(3,661,658)
Prima facie tax benefit on loss from ordinary activities at 25% (2022 – 25%)	(1,332,798)	(915,415)
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Entertainment and other	853	650
Fines & penalties	22	21
Share based payments	320,264	201,921
	(1,011,659)	(712,823)
Tax effect of current year tax losses & non-recognition of deferred tax assets	1,011,659	712,823
Income tax expense/(benefit)	-	-
(b) Deferred Tax Assets (25%) (2022– 25%)		
Prepayments	-	14,373
Capital raising costs	285,795	386,108
Provisions for expenses	150,773	126,105
Right of Use of Assets	112,311	59,406
Carry forward revenue losses	18,075,951	12,006,937
Carry forward capital losses	2,475,645	2,475,645
Total	21,100,475	15,068,574
(c) Deferred Tax Liabilities (25%) (2022 – 25%)		
Prepayments	4,311	-
Lease Liabilities	119,488	59,077
Unearned revenue	3,219	3,815
Mineral exploration	8,215,980	3,268,624
Total	8,342,998	3,331,516
Net deferred tax asset not brought to account	12,757,477	11,737,058

Potential future income tax benefits attributable to total tax losses amounting to approximately $20,551,596 (2022: $14,482,582) at 2023 corporate tax rate of 25% (2022: 25%), have not been brought to account at 30 June 2023 because the directors do not believe it is appropriate to regard realisation of the future income tax benefits as probable.

The potential future income tax benefit will be obtainable by the Group only if:

(a) the Group derives future assessable income of a nature and of an amount sufficient to enable the benefit of the deductions for the loss to be realised;
(b) the Group continues to comply with the conditions for deductibility imposed by income tax law; and
(c) no changes in income tax legislation adversely affects the Group in realising the benefit of the deduction for the loss.

	Consolidated 2023 $	Consolidated 2022 $
6. LEASES		
(a) Right-of-use assets		
Opening balance	236,306	-
Additions	445,866	298,491
Depreciation	(204,222)	(62,185)
Closing balance	477,950	236,306
(b) Lease liabilities		
Current	313,855	100,816
Non-current	135,390	136,808
	449,245	237,624
(c) Interest expense on lease liabilities		
Interest expense from the unwinding of interest	34,289	8,750
	34,289	8,750
Total annual expenses for leases	238,511	70,935

The Group entered into lease agreements for storage units in Wingfield, South Australia, an office space in Sydney, and an office space in Adelaide on 14 November 2021, 14 July 2022, and 1 June 2023 respectively. The incremental borrowing rates for these leases were 4.69%, 6.14%, and 7.85% respectively.

The Group did not have any short-term or low value leases in the current and previous period.

	Consolidated 2023 $	Consolidated 2022 $
7. EARNINGS PER SHARE		
(a) Basic loss per share (1)	(0.070)	(0.057)
(b) Diluted loss per share (1)	(0.070)	(0.057)

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account the after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares and the weighted average number of shares assumed to have been issued for no consideration in relation to dilutive potential ordinary shares.

	2023	2022
(c) Net profit/(loss) attributable to ordinary shareholders ($)	(5,331,191)	(3,661,658)
(d) Weighted average number of ordinary shares outstanding during the year used in the calculation:		
- basic earnings per share (1)	75,838,481	64,481,485
- diluted earnings per share (1)	75,838,481	64,481,485

Note
(1) On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. Prior year figures for basic and diluted loss per share have been restated to post share consolidation figures.

	Consolidated 2023 $	Consolidated 2022 $
8. CASH FLOW INFORMATION		
(a) Cash and cash equivalents represents:		
Cash in bank and on hand	2,009,577	2,389,504
Short term deposits	3,125,133	16,957,933
	5,134,710	19,347,437
(b) Reconciliation of net cash used in operating activities to operating loss after income tax		
Operating loss after income tax	**(5,331,191)**	**(3,661,658)**
Non cash flows in operating loss		
Exploration costs written-off	14,577	7,268
Amortisation and depreciation	255,677	106,752
Share based payments – note 18 (d)	1,330,095	1,042,133
Loss on sale of plant and equipment	2,053	998
Change in assets and liabilities		
Increase/(decrease) in trade, other payables and provisions	(608,706)	766,095
(Increase)/decrease in receivables	463,854	(564,912)
Net cash outflow used in operating activities	(3,873,641)	(2,303,324)

Non cash flows investing and financing activities
In the current year there are no non cash financing and investing activities.

9. OTHER RECEIVABLES (CURRENT)

	2023 $	2022 $
(a) GST receivable	149,080	633,929
Prepayments	28,725	21,591
Sundry debtors (1)	96,829	82,968
	274,634	738,488

The were no amounts receivable from directors and director related entities in 2023 and 2022.

Note1: Other receivables are non-interest bearing and generally on 30-90 day terms. The Group recognises an allowance for the expected credit loss for all receivables not held at fair value through profit or loss. FY2023 $Nil (FY 2022: $Nil)

OTHER RECEIVABLES (NON CURRENT)

	2023 $	2022 $
(b) Security deposits/bonds	112,588	112,588

At 30 June 2023 the Group has security bonds outstanding totalling $112,588 (2022: $112,588) provided by the Company's bank and held by Department for Energy & Mining for mineral tenements in Australia.

10. CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage Interest Held 2023 %	Percentage Interest Held 2022 %	Carrying amount of Parent Entity's Investment 2023 $	Carrying amount of Parent Entity's Investment 2022 $
Razorback Iron Pty Ltd	Australia	100	100	20	20
Razorback Operations Pty Ltd	Australia	100	100	20	20
Red Dragon Mining Pty Ltd	Australia	100	100	20	20
Ironback Pty Ltd	Australia	100	100	100	100

11. PARENT ENTITY DISCLOSURES

STATEMENT OF FINANCIAL POSITION

	2023 $	2022 $
ASSETS		
Current Assets	5,409,323	20,085,905
Non-Current Assets	971,888	16,119,991
Total Assets	6,381,211	36,205,896
LIABILITIES		
Current Liabilities	(3,525,611)	(4,330,788)
Non-Current Liabilities	(135,390)	(2,111,808)
Total Liabilities	(3,661,001)	(6,442,596)
Net Assets	2,720,210	29,763,300
EQUITY		
Contributed equity	89,513,281	89,551,446
Reserves	13,398,439	12,068,344
Accumulated losses	(100,191,510)	(71,856,490)
Total Equity	2,720,210	29,763,300
Profit or loss and other comprehensive income		
Net profit/ (loss) from continuing operations for the year	(28,335,021)	(3,779,533)
Total Comprehensive income/(loss) for the year	(28,335,021)	(3,779,533)
Mineral tenement expenditure commitments		
Within one year	3,464,121	-
Later than one year but not later than five years	4,706,500	3,486,500
Later than five years	-	-
	8,170,621	3,486,500

The commitments relate to the Company and its subsidiaries as the Company funds its subsidiaries' activities. There are no guarantee/contingencies and subsequent events other than those mentioned above in this report.

12. EXPLORATION EXPENDITURE (NON-CURRENT)

Exploration and evaluation		
At 1 July	25,228,677	12,863,479
Expenditure incurred during the year	7,649,821	12,372,466
Expenditure written off during the year	(14,577)	(7,268)
At 30 June	32,863,921	25,228,677

The value of the Group's interest in exploration expenditure is dependent upon:

- the continuance of the Group's rights to tenure of the areas of interest;
- the results of future exploration; and
- the recoupment of costs through successful development and exploitation of the areas of interest, or alternatively, by their sale.

The Group's exploration properties may be subject to claim(s) under native title, or contain sacred sites, or sites of significance to Aboriginal people. As a result, exploration properties or areas within the tenements may be subject to exploration restrictions, mining restrictions and/or claims for compensation. At this time, it is not possible to quantify whether such claims exist, or the quantum of such claims.

	Consolidated 2023 $	Consolidated 2022 $
13. PROPERTY, PLANT AND EQUIPMENT		
Plant and equipment, at cost	329,789	318,290
Less: accumulated depreciation	(266,480)	(233,099)
	63,309	85,191
Office equipment, at cost	150,840	136,206
Less: accumulated depreciation	(106,806)	(92,919)
	44,034	43,287
Total property, plant and equipment	107,343	128,478

Reconciliations

Reconciliation of the carrying amounts of each class of property, plant and equipment at the beginning and end of the current financial year are set out below:

	2023 $	2022 $
Plant and equipment		
Carrying amount at the beginning of the year	85,191	14,315
Additions	8,279	105,459
Disposal	-	(1,995)
Reclassification of plant and equipment to office equipment for prior year	3,220	-
Depreciation	(33,381)	(32,588)
Carrying amount at the end of the year	63,309	85,191
Office equipment		
Carrying amount at the beginning of the year	43,287	30,473
Additions	28,819	28,586
Disposal	(6,779)	(3,820)
Reclassification of office equipment from plant and equipment for prior year	(3,220)	-
Depreciation	(18,073)	(11,952)
Carrying amount at the end of the year	44,034	43,287
Total carrying amount at the end of the year	107,343	128,478

	Consolidated 2023 $	Consolidated 2022 $
14. INTANGIBLE ASSETS		
Software and licences, at cost	-	199,719
Less: accumulated amortisation	-	(199,692)
	-	27

Reconciliation

Reconciliation of the carrying amount of intangible assets at the beginning and end of the financial year are set out below:

	2023 $	2022 $
Carrying amount at 1 July 2022	27	54
Written-off	(27)	-
Depreciation	-	(27)
Carrying amount at 30 June 2023	-	27

	Consolidated 2023 $	2023 $
15. TRADE AND OTHER PAYABLES (CURRENT)		
Trade payables (1)	401,748	3,528,081
Accruals (2)	567,366	369,061
	969,114	3,897,142

Note 1 - Trade payables are non-interest bearing and are normally settled on 30-60 day terms
Note 2 - Includes interest accrued on Mintech Convertible loan note of $82,292

16. PROVISIONS (CURRENT)		
Employee benefits – Annual Leave	188,873	265,785
Employee benefits – Long Service Leave	74,769	57,045
Provision for rehabilitation	4,000	10,000
Total	267,642	332,830

17. BORROWINGS (CURRENT)		
Convertible Notes	1,975,000	-
	1,975,000	-

BORROWINGS (NON-CURRENT)		
Convertible Notes	-	1,975,000
	-	1,975,000

On 4 September 2019, the Company entered into a Heads of Agreement (HOA) with the liquidators of Mintech Resources Pty Ltd (in liquidation) (Mintech) to amend the terms of the redeemable convertible notes (Notes) held by Mintech.

Pursuant to the HOA, the parties agreed to adjust the face value of the Notes from $2,500,000 to $1,975,000 by agreeing to certain offsets to which the Company is entitled and by incorporating and deferring payments due on the following terms:

a) the Redeemable Convertible Notes have a maturity date of 31 August 2023;
b) interest of 5% per annum, payable 12 months in arrears on the anniversary from the issue date;
c) at least 5 days before maturity or redemption of the Redeemable Convertible Notes the Company can elect the:

   (i) Redeemable Convertible Notes be redeemed by cash equivalent to the face value of the Redeemable Convertible Notes;
   (ii) Redeemable Convertible Notes convert into fully paid ordinary shares in the Company equivalent to the face value of the Redeemable Convertible Notes at a price equivalent to the Company's VWAP over 90 consecutive days;
   (iii) Redeemable Convertible Notes convert into a combination of cash and fully paid ordinary shares as defined in (i) and (ii).

Refer to Note 28 for the revised terms and conditions in relation to Convertible loan note agreement with Mintech Resources Pty Ltd subsequent to 30 June 2023.

18. CONTRIBUTED EQUITY AND RESERVES

	Number of Shares 2023	Number of Shares 2022	Consolidated 2023 $	Consolidated 2022 $
(a) Issued and paid up capital				
Ordinary shares	75,963,209	75,837,876	89,513,282	89,551,446
Total			89,513,282	89,551,446

(b) Movement in ordinary shares on issue

	Number of Shares	Issue Price $	Total $
Balance at 30 June 2021	62,708,933		74,554,301
Exercise of quoted options expiring 29 October 2021 (1)	139,629	2.50	-
Exercise of quoted options expiring 29 October 2021	375	2.50	938
Exercise of quoted options expiring 29 October 2021	1,000	2.50	2,500
Exercise of unquoted options expiring 18 March 2022	50,000	0.75	37,500
Exercise of quoted options expiring 29 October 2021	259	2.50	648
Exercise of quoted options expiring 29 October 2021	1,935	2.50	4,837
Exercise of quoted options expiring 29 October 2021	2,044	2.50	5,111
Exercise of quoted options expiring 29 October 2021	1,242	2.50	3,105
Exercise of quoted options expiring 29 October 2021	12,138	2.50	30,345
Exercise of unquoted options expiring 30 November 2021	100,000	1.00	100,000
Exercise of unquoted options expiring 1 December 2024	100,000	0.75	75,000
Exercise of unquoted options expiring 18 March 2022	80,000	0.75	60,000
Renounceable rights issue	12,638,988	1.25	15,798,735
Exercise of quoted options expiring 20 May 2023	1,333	2.50	3,332
Share issue costs	-		(1,124,906)
Balance at 30 June 2022	75,837,876		89,551,446
Exercise of quoted options expiring 20 May 2023	20	2.50	50
Exercise of quoted options expiring 20 May 2023	213	2.50	533
Exercise of quoted options expiring 20 May 2023	100	2.50	250
Conversion of sign-on performance rights	125,000	-	-
Refund for exercise of unquoted options (2)			(37,747)
Share issue costs	-		(1,250)
Balance at 30 June 2023	75,963,209		89,513,282

Note – On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share (rounded up to the next whole number of shares). The total number of shares price prior to share consolidation has been restated to post-consolidation figures.

(1) 2,793 shares at $2.50 each were allotted on 5 July 2021.
(2) During the year, there was a movement of $37,747 in relation to the refund of unquoted employee and director options which were exercised in the prior year in accordance with Listing Rule 6.22 and terms and conditions of these unquoted options.

18. CONTRIBUTED EQUITY AND RESERVES (continued)

(c) Movement in performance rights and options on issue

The following table summarises the movement in options and performance rights on issue for the year ended 30 June 2023.

30 June 2023	Balance at the Beginning of the Year	Issued During the Year	Exercised/ vested During the Year	Expired/Forfeited /Lapsed During the Year	Balance at the End of the Year
Unquoted options					
Unquoted options exercisable at $2 each on or before 5 July 2022	150,000	-	-	(150,000)	-
Unquoted options exercisable at $2.25 each on or before 30 November 2022	200,000	-	-	(200,000)	-
Unquoted options exercisable at $0.595 each on or before 11 August 2023	140,000	-	-	-	140,000
Unquoted options exercisable at $2.265 each on or before 17 March 2024	80,000	-	-	-	80,000
Unquoted options exercisable at $0.57 each on or before 1 December 2024	300,000	-	-	-	300,000
Unquoted options exercisable at $1.81 each on or before 8 December 2024	1,052,000	-	-	-	1,052,000
Unquoted options exercisable at $1.76 each on or before 13 December 2024	540,000	-	-	-	540,000
Unquoted options exercisable at $1.95 on or before 27 June 2025	135,360	-	-	-	135,360
Unquoted options exercisable at $2.03 on or before 14 October 2025	-	286,071	-	-	286,071
Unquoted options exercisable at $1.39 on or before 1 December 2025	-	1,049,654	-	-	1,049,654
Unquoted options exercisable at $0.915 each on or before 15 December 2025	600,000	-	-	-	600,000
Unquoted options exercisable at $1.34 on or before 1 December 2028	-	382,883	-	-	382,883
Unquoted options exercisable at $0.78 on or before 1 February 2029	-	276,009	-	(108,069)	167,940
Unquoted options exercisable at $1.34 on or before 30 November 2025 (2)	-	141,174	-	(141,174)	-
Quoted options exercisable at $2.50 each on or before 20 May 2023	7,266,537	-	(333)	(7,266,204)	-
Performance Rights					
Sign-On performance rights vested on 30 June 2023	-	125,000	(125,000)	-	-
Sign-On performance rights vesting on 1 July 2024	-	125,000	-	-	125,000
STI performance rights vesting on 30 June 2023	-	1,113,275	(801,840)	(311,435)	-
Total	10,463,897	3,499,066	(927,173)	(8,176,882)	4,858,908

Note:

1 On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of performance rights and unquoted options on issue were adjusted on the basis that every 50 performance rights/unquoted options be consolidated into 1 performance right/unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of performance rights and unquoted options on issue and corresponding exercise price of the unquoted options resulted in no incremental value.

2 The issue of $20,000 worth of unquoted options was approved for Mr Eames, Mr Schubert and Mr Wandke but not approved for the other non-executive directors at the 2022 AGM. Consequently, the directors for which unquoted options were approved elected not to accept the issue of the options. AASB 2 accounts for a voluntary surrender in the award as a cancellation and therefore recognised immediately. Notwithstanding the expense, in line with the voluntary surrender, the Company has not issued the options and the directors have not and will not receive any options in respect to this award.

	Consolidated 2023 $	Consolidated 2022 $
18. CONTRIBUTED EQUITY AND RESERVES (continued)		
(d) Reserves	13,398,439	12,068,344
Listed option reserve		
Balance at beginning of year	1,086,935	1,007,941
Proceeds from option issue(1)	-	78,994
Balance at end of year	1,086,935	1,086,935

Note 1: Fair value of the options issued as part of Rights Issue was the cash considered foregone by the underwriters in lieu of options granted.

	2023 $	2022 $
Share based payments reserve		
Balance at beginning of year	10,981,409	9,939,276
Share based payments expensed to P&L(1)	1,330,095	1,042,133
Balance at end of year	12,311,504	10,981,409

Note 1: Relates to non-cash expenses in relation to directors and employee options and performance rights granted.

Nature and purpose of reserves

Listed option reserve
This reserve is used to record the proceeds from the issue of listed options, net of expenses of the issue.

Share based payments reserve
This reserve is used to record the value of equity benefits provided to directors, employees and consultants as part of their remuneration. Refer to note 21 for further details.

19. ACCUMULATED LOSSES

	2023 $	2022 $
Balance at the beginning of the year	(62,270,385)	(58,608,727)
Net loss attributable to members of Magnetite Mines Limited	(5,331,191)	(3,661,658)
Balance at the end of the financial year	(67,601,576)	(62,270,385)

20. COMMITMENTS

	2023 $	2022 $
(i) **Exploration commitments**		
Within one year	3,464,121	-
Later than one year but not later than five years	4,706,500	3,486,500
Later than five years	-	-
	8,170,621	3,486,500

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 various State Governments. 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.

20. COMMITMENTS (continued)

(iii) **Bonds**

At 30 June 2023 the Group has security bonds outstanding totalling $112,588 (2022: $112,588) provided by the Company's bank and held by Department for Energy & Mining for mineral tenements in Australia.

(iv) **Bank Guarantee**

As at 30 June 2023, the Group has outstanding $134,706 secured (30 June 2022: $29,770) as bank guarantee provided by the Group's bankers. The Company has an available bank guarantee limit of $152,706 and currently this facility has not been utilised by the Company.

(v) **Directors & 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 $477,475 (2022: $546,417).

21. SHARE BASED PAYMENTS

(a) Type of share based payment plan

The Company adopted an Employee Incentive Plan (EIP) during the year which was approved by the shareholders on 23 November 2022, pursuant to which the Company can issue a variety of Equity Securities to employees, contractors, board members and their associates ('Eligible Employees'). The purpose of the Plan is to motivate and attract Eligible Employees and enable them to share in the rewards of the future success of the Company. The Board is of the view that the EIP will better enable the Company to motivate and reward Eligible Employees in the long run.

Subject to the Rules set out in EIP and the Listing Rules, the Company (acting through the Board) may offer performance rights and options to any Eligible Person at such time and on such terms as the Board considers appropriate.

As there are securities on issue under the Option Incentive Plan which was approved by the shareholders on 29 November 2019, there are no immediate plans for its termination.

There are no voting or dividend rights attached to the options. There are no voting rights attached to the unissued ordinary shares. Voting rights will be attached to the unissued ordinary shares when the options and performance rights have been exercised. The expense recognised in the income statement in relation to share based payments is disclosed in consolidated statement of profit or loss and other comprehensive income.

(b) Summary of directors and employees 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 year:

	Number 2023	WAEP 2023 $	Number 2022 (1)	WAEP 2022 (1) $
Outstanding at the beginning of the year	3,197,360	1.50	1,900,000	1.20
Granted during the year	3,499,066	1.09	1,727,360	1.80
Expired/Lapsed/Forfeited during the year	(910,678)	1.30	(100,000)	1.00
Exercised during the year	(926,840)	-	(330,000)	0.80
Outstanding at the end of the year	4,858,908	1.41	3,197,360	1.50
Exercisable at the end of the year	4,183,085		3,197,360	

Note:
On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of performance rights and unquoted options on issue were adjusted on the basis that every 50 performance rights/unquoted options be consolidated into 1 performance right/unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of performance rights and unquoted options on issue and corresponding exercise price of the unquoted options resulted in no incremental value.

(i) the weighted average remaining contractual life for the directors and employees options and performance rights outstanding as at 30 June 2023 is 1.89 years (2022: 2.34 years);
(ii) the weighted average exercise price for options outstanding at the end of the year was $1.29 (2022: $1.50);
(iii) the weighted average exercise price of options granted during the year was $1.08 (2022: $1.80); and
(iv) the fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.

21. SHARE BASED PAYMENTS (continued)

The following table lists the inputs to the model used for options issued during the year ended 30 June 2023.

Number of Options	286,071	1,049,654	382,883	276,009
Option exercise price	$2.03	$1.39	$1.34	$0.78
Expiry date	14/10/2025	1/12/2025	1/12/2028	1/02/2029
Expected life of the option (years)	3 years	3 years	6 years	6 years
Dividend yield (%)	-	-	-	-
Expected volatility (%)	100%	100%	100%	100%
Risk-free interest rate (%)	3.51%	3.21%	3.22%	3.22%
Closing share price at grant date	$1.15	$0.80	$0.80	0.4895
Fair value of options	$0.60	$0.42	$0.555	$0.3470
Grant date	14/10/2022	1/12/2022	23/11/2022	2/02/2023

The following table lists the inputs to the model used for performance rights issued during the year ended 30 June 2023.

Number of Performance Rights	125,000	125,000	398,438	561,619
Vesting date	30/06/2023	1/07/2024	30/06/2023	30/06/2023
Vesting period (months)	10	22	10	6
Share Price at grant date	$0.80	$0.80	$0.80	$0.4895
Fair value of performance rights	$0.80	$0.80	$0.80	$0.4895
Grant date	23/11/2022	23/11/2022	23/11/2022	2/02/2023

The following table lists the inputs to the model used for share options issued during the year ended 30 June 2022.

Number of Options	1,052,000	540,000	135,360
Option exercise price [(1) & (2)]	$1.81	$1.76	$1.95
Expiry date	08/12/2024	13/12/2024	27/06/2025
Expected life of the option (years)	3 years	5 years	3 years
Dividend yield (%)	-	-	-
Expected volatility (%)	100%	100%	100%
Risk-free interest rate (%)	0.97%	0.92%	3.63%
Closing share price at grant date (cents)	$1.15	$1.15	$1.20
Fair value of options	$0.60	$0.60	$0.65
Grant date	09/12/2021	29/11/2021	29/06/2022

Note

(1) The exercise price of awards issued in the previous periods has been amended in accordance with Option Incentive Plan and Listing Rule 6.22.2 due to the pro-rata issue that occurred in the previous periods.

(2) On 9 December 2022, the Company consolidated its issued share capital on the basis that every 50 fully paid ordinary shares be consolidated into 1 fully paid ordinary share. The number of performance rights and unquoted options on issue were adjusted on the basis that every 50 performance rights/unquoted options be consolidated into 1 performance right/unquoted option in accordance with Listing Rules 7.21 and 7.22. The adjustment to the number of performance rights and unquoted options on issue and corresponding exercise price of the unquoted options resulted in no incremental value.

21. SHARE BASED PAYMENTS (continued)

(c) Summary of unquoted consultant options granted

The following table illustrates the number and weighted average prices (WAEP) of and the movements in consultant share options issued during the year:

	2023 Number	2023 WAEP $	2022 Number	2022 WAEP $
Outstanding at the beginning of the year	-	-	100,000	5
Granted during the year	-	-	-	-
Lapsed during the year	-	-	(100,000)	5
Exercised during the year	-	-	-	-
Outstanding at the end of the year	-	-	-	-
Exercisable at the end of the year	-		-	

(i) the weighted average remaining contractual life for the consultant options outstanding as at 30 June 2023 is Nil (2022: Nil years);
(ii) the weighted average exercise price for options outstanding at the end of the year was $Nil (2022:$Nil);
(iii) the weighted average exercise price of options granted during the year was $Nil (2022: $Nil); and
(iv) the fair value of the equity-settled share options granted under the plan is estimated as at the date of grant using a Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted.
(v) Prior year figures have been restated to post share consolidation figures.

22. REMUNERATION OF AUDITORS

	Consolidated 2023 $	Consolidated 2022 $
Fees paid to Ernst & Young (Australia) for auditing the statutory financial report of the Group	67,500	-
Fees paid to Stantons International for auditing the statutory financial report of the Group	23,149	50,677
Fees paid to Stantons International Other services	2,000	950
Total	92,649	51,627

Note
(1) Stantons International resigned as auditor on 23 November 2022 and Ernst & Young was appointed as auditor on 23 November 2022

23. DIRECTORS AND EXECUTIVE DISCLOSURES

a) Details of directors and key management personnel

Directors

Mark Eames	Non-Executive Chair
Carmen Letton	Non-Executive Director (Commenced 25 January 2023)
Jim McKerlie	Non-Executive Director
Malcolm Randall	Non-Executive Director (Ceased 23 November 2022)
Paul White	Non-Executive Director
Peter Schubert	Non-Executive Director
Simon Wandke	Non-Executive Director

Other Key Management Personnel

Tim Dobson	Chief Executive Officer (Commenced 23 August 2022)
Stephen Weir	Chief Development Officer (Ceased 14 October 2022)
Ian Kirkham	Chief Financial Officer (Ceased 14 April 2023)

23. DIRECTORS AND EXECUTIVE DISCLOSURES (continued)

(b) Compensation for directors and key management personnel

	Consolidated 2023 $	Consolidated 2022 $
Short term employee benefits	1,384,027	1,092,327
Termination benefits	155,672	40,000
Post-employment benefits	114,529	102,858
Other long-term benefits	-	-
Share based payments	732,393	637,006
Total compensation	2,386,621	1,872,191

(c) Details of directors and key management personnel

There were no loans to key management personnel during the year other than as disclosed in Note 24.

(d) Other transactions and balances with key management personnel and their related parties

Disclosures relating to other transactions and balances with key management personnel are included and set out in note 24.

24. RELATED PARTY DISCLOSURES

(a) Directors

During the year, no payment was made to a related party.

Amounts paid and payable to Ora Gold Limited, in which F DeMarte, M R J Randall are directors and shareholders, in the normal course of business in 2022/2023 for admin related costs totalled $Nil (2022: $1,413) and the balance included in trade creditors is $Nil (2022: $Nil). Amounts received and receivable from Ora Gold Limited in the normal course of business totalled $Nil (2022: $Nil).

(b) Loans with key management personnel and their related entities

There were no loans to key management personnel and their related entities during the year and the prior year.

(c) Loans from key management personnel and their related entities

There were no loans from key management personnel and their related entities during the year (2022: $Nil).

(d) Subsidiaries

The Group consists of the Parent and its wholly owned controlled entities set out in Note 10.

25. FINANCIAL INSTRUMENTS

(a) The Group's principal financial instruments comprise of cash, short term deposits and other financial assets. The Group has various other financial assets and liabilities such as other receivables, trade payables and convertible loan notes. It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are cash flow interest rate risk, liquidity risk and credit risk.

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 2 to the Financial Statements.

	Floating Interest Rate		Fixed Interest Rate – less than 1 year		Fixed Interest Rate – more than 1 year		Non-interest bearing		Total	
Consolidated	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $	2023 $	2022 $
Financial Assets										
Cash and cash equivalents	1,903,355	-	3,125,133	16,957,933	-	-	106,222	2,389,504	5,134,710	19,347,437
Other receivables[1]	-	-	12,588	12,588	-	-	345,909	816,897	358,497	829,485
Other financial assets	-	-	-	-	-	-	-	-	-	-
Total Financial Assets	1,903,355	-	3,137,721	16,970,521	-	-	452,131	3,206,401	5,493,207	20,176,922
Weighted Average Interest Rate	4.10%	-	4.45%	1.04%	-	-				
Financial Liabilities										
Other payables[2]	-	-	(313,855)	(100,816)	(135,390)	(136,808)	(401,748)	(3,528,081)	(850,993)	(3,765,705)
Convertible loan note liability	-	-	(1,975,000)	-	-	(1,975,000)	-	-	(1,975,000)	(1,975,000)
Total Financial Liabilities	-	-	(2,288,855)	(100,816)	(135,390)	(2,111,808)	(401,748)	(3,528,081)	(2,825,993)	(5,740,705)
Net Financial Assets/(Liabilities)	-	-	848,866	16,869,705	(135,390)	(2,111,808)	50,383	(321,680)	2,667,214	14,436,217
Weighted Average Interest Rate			5.13%	4.69%	6.90%	4.98%				

Note 1: Other receivables excludes prepayments
Note 2: Trade and other payables excludes accruals

25. FINANCIAL INSTRUMENTS (continued)

Reconciliation of net financial assets/ (liabilities) to net assets	Consolidated 2023 $	Consolidated 2022 $
Net Financial Assets/(Liabilities) as above	2,667,214	14,436,217
Prepayments	28,725	21,591
Property, plant and equipment	107,343	128,478
Intangibles	-	27
Right of use of assets	477,950	236,306
Exploration & evaluation expenditure	32,863,921	25,228,677
Accruals	(567,366)	(369,061)
Provisions	(267,642)	(332,830)
Net Assets per Statement of Financial Position	35,310,145	39,349,405

The net fair value of all financial assets and liabilities at balance date approximate to their carrying value. The main risk the Group is exposed is through financial instruments credit risk, commodity risk and market risk consisting of interest rate risk.

(a) ***Interest Rate Risk***

The Group's exposure to interest rate risk, is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rate for each class of financial assets and financial liabilities.

The Group is exposed to movements in market interest rates on short term deposits. The policy is to monitor the interest rate yield curve out to 90 days to ensure a balance is maintained between the liquidity of cash assets and the interest rate return. Interest payable on Mintech Convertible Loan Note is fixed at 5% per annum until 31 August 2023. Pursuant to an agreement entered with the liquidators of Mintech Resources Pty Ltd (in liquidation) (Mintech), the interest rate applicable to the Mintech Convertible Loan Notes for the period from 1 September 2023 to 31 March 2024 will be 10% per annum.

(b) ***Liquidity Risk***

The Group manages its liquidity risk by monitoring its cash reserves and forecast spending. Management is cognisant of the future demands for liquid finance requirements to finance the Group's current and future operations.

The Group believes that all outstanding payables can be paid when due and there are no past due payables as at the balance date.

The table below summarises the maturity profile of the Group's financial liabilities based on contractual undiscounted payments:

Consolidated 30 June 2023	On demand	Less than 12 months	1 to 5 years	More than 5 years	Total
Lease liabilities	-	321,119	150,837	-	471,956
Trade and other payables	597,826	288,996	-	-	886,822
Convertible Loan Note	-	2,073,750	-	-	2,073,750
Total	597,826	2,683,865	150,837	-	3,432,529

Consolidated 30 June 2022	On demand	Less than 12 months	1 to 5 years	More than 5 years	Total
Lease liabilities	-	321,119	471,956	-	793,075
Trade and other payables	3,554,407	260,443	-	-	3,814,850
Convertible Loan Note	-	98,750	2,073,750	-	2,172,500
Total	3,554,407	680,312	2,545,706	-	6,780,426

25. FINANCIAL INSTRUMENTS (continued)

(c) ***Credit Risk***

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Group. The Group has adopted the policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults. Risk is also minimised by investing surplus funds with financial institutions that maintain a high credit rating.

The Group does not have any significant credit risk exposure to any single counterparty or any group of counterparties having similar characteristics. The carrying amount of financial assets recorded in the financial statements, net of any provisions for losses, represents the Group's maximum exposure to credit risk.

The Group believes that all outstanding receivables are recoverable and there are no past due receivables as at balance date.

(d) ***Commodity Price Risk***

At the 30 June 2023, the Group does not have any financial instruments subject to commodity price risk.

26. SENSITIVITY ANALYSIS

(a) ***Interest Rate Risk***

The following table represents a summary of the interest rate sensitivity of the Group's financial assets at the balance sheet date on the deficit for the year and equity for a 100bps change in interest rates. It is assumed that the change in interest rates is held constant throughout the reporting period.

Consolidated 30 June 2023	Carrying Amount $	Interest Rate Risk -1% (100bps)		Interest Rate Risk + 1% (100bps)	
		Net loss $	Equity $	Net gain $	Equity $
Financial Assets					
Cash and cash equivalents	5,028,488	(50,285)	(50,285)	50,285	50,285
Other receivables (interest bearing)	12,588	(126)	(126)	126	126
Total	5,041,076	(50,411)	(50,411)	50,411	50,411

Consolidated 30 June 2022	Carrying Amount $	Interest Rate Risk -1% (100bps)		Interest Rate Risk + 1% (100bps)	
		Net loss $	Equity $	Net gain $	Equity $
Financial Assets					
Cash and cash equivalents	16,957,933	(169,579)	(169,579)	169,579	169,579
Other receivables (interest bearing)	12,588	(126)	(126)	126	126
Total	16,970,521	(169,705)	(169,705)	169,705	169,705

Except for the unsecured loan and convertible loan facility accruing interest at 5% per annum (see note 17), and the lease liability accruing interest between 4.69% and 7.85% per annum (see note 6), none of the Group's financial liabilities are interest-bearing. These interest bearing loans are at a fixed interest rate agreed with the lenders.

(b) ***Foreign currency risk***

The Group is not exposed to foreign exchange currency risk at balance date.

27. CONTINGENCIES

(a) Contingent Assets

As at 30 June 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 received $207,216 royalty payment on revenue earned as at 30 June 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. The remaining royalty contingent asset as at 30 June 2023 is $387,784.

(b) Contingent Liabilities

As at 30 June 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 (formally EL 5432) covering the Razorback Ridge area. On 4 September 2019, the Company entered into an agreement with the liquidators of Mintech Resources Pty Ltd (Mintech). The terms of the agreement which are contingent at 30 June 2023 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”.

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

Agreement with Goldus Pty Ltd

Pursuant to a Variation Deed dated 11 August 2015, the Company finalised the acquisition of a 100% interest in EL6126 and EL6127 (formerly EL 5180 and EL 5240) 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”.

28. EVENTS AFTER THE BALANCE SHEET DATE

Since the end of the financial period, other than the matters disclosed below, the directors are not aware of any other matter or circumstance that has significantly or may significantly affect the operations of the Consolidated Entity, the results of those operations or the state of affairs of the Consolidated Entity.

Conversion of Performance Rights

(1) On 7 August 2023, 426,910 employee performance rights were converted into fully paid ordinary shares following the performance evaluation process.
(2) On 8 August 2023, 374,930 CEO performance rights were converted into fully paid ordinary shares following the performance evaluation process.

Lapse of Performance Rights

(1) On 7 August 2023, 134,709 employee performance rights lapsed following the performance evaluation process.
(2) On 8 August 2023, 23,508 CEO performance rights lapsed following the performance evaluation process.

Expiry of unquoted employee options

On 11 August 2023, 140,000 unquoted employee options exercisable at $0.595 each expired.

Mintech Convertible Loan Note

On 23 August 2023, the Company entered into an agreement with the liquidators of Mintech Resources Pty Ltd (in liquidation) (Mintech) to amend the terms of the redeemable convertible notes (Notes) held by Mintech. Subject to the approval of Mintech's creditors, the parties have agreed to extend the maturity date of the Notes by seven months from 31 August 2023 to 31 March 2024.

The Notes were originally issued to Mintech on 31 August 2015 following a renegotiation of the terms of a tenement sale agreement between the Company and Mintech for the acquisition by the Company of the Razorback Project.

Pursuant to the Agreement, the interest rate applicable to the Mintech Convertible Loan Notes for the period from 1 September 2023 to 31 March 2024 will be 10% per annum. Magnetite Mines has agreed to waive its right to convert the Notes into shares at the maturity date and will therefore redeem the value of the Notes in cash on or before that date. In consideration for its agreement to the revised terms of the Notes, the Company will pay Mintech a fee of $200,000 (plus GST).

The Agreement will be reflected in a formal amendment to the terms of the Notes in the coming weeks. The Company understands the liquidator intends to call a meeting of Mintech creditors to be held as soon as practicable and before the end of September 2023.

Appointment of CFO

Mr Simon Smith commenced as Chief Financial Officer on 4 September 2023.

Appointment of New Chair

On 13 September 2023, the Company announced the appointment of Mr Jim McKerlie as Chair of the Board with effect from 25 September 2023. Mr McKerlie will succeed Mr Mark Eames who is retiring and will not stand for re-election as a Director of MGT at the next Annual General Meeting of Shareholders.

Directors' Declaration

FOR THE YEAR ENDING 30 JUNE 2023

In accordance with a resolution of the directors of Magnetite Mines Limited I state that:

In the opinion of the directors:

(a) the financial statements and notes and the additional disclosures included in the Directors' report designated as audited, of the Consolidated Entity are in accordance with the Corporations Act 2001, including:

(i) giving a true and fair view of the Consolidated Entity's financial position as at 30 June 2023 and of its performance for the year ended on that date; and

(ii) complying with Accounting Standards and the Corporations Regulations 2001; and

(b) Subject to the matters discussed in Note 2(a), there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

(c) the financial report also complies with International Financial Reporting Standards as described in note 2(a).

This declaration has been made after receiving the declarations required to be made to the directors in accordance with section 295A of the Corporations Act 2001 for the financial year ended 30 June 2023.

On behalf of the Board

Mark Eames

MARK EAMES
Chair

25 September 2023

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

Report on the audit of the financial report

Opinion

We have audited the financial report of Magnetite Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 30 June 2023, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes to the financial statements, including a summary of significant accounting policies, and the directors' declaration.

In our opinion, the accompanying financial report of the Group is in accordance with the *Corporations Act 2001*, including:

a. Giving a true and fair view of the consolidated financial position of the Group as at 30 June 2023 and of its consolidated financial performance for the year ended on that date; and

b. Complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the 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 financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2(a) in the 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 the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial report of the current year. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, but we do not provide a separate opinion on these matters. In addition to the matter described in the *Material uncertainty related to going concern* section, we have determined the matters described below to be the key audit matters to be communicated in our report. For each matter below, our description of how our audit addressed the matter is provided in that context.

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We have fulfilled the responsibilities described in the *Auditor's responsibilities for the audit of the financial report* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial report. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial report.

Carrying value of exploration & evaluation assets

Why significant	How our audit addressed the key audit matter
At 30 June 2023 the Group had exploration and evaluation assets of $32.8 million as disclosed in Note 12. The carrying value of exploration and evaluation assets is subjective based on the Group's ability and intention to continue to explore, evaluate and commercialise its assets, including those associated with the Razorback Project. The carrying value of assets may also be impacted by the results of ongoing exploration and evaluation activity indicating that the resources may not be technically or commercially viable for extraction and commercialisation in the manner intended. The Group is required to assess whether any indicators of impairment are present in accordance with the requirements of AASB 6 *Exploration for and Evaluation of Mineral Resources,* the application of which is judgmental. At 30 June 2023, the Group undertook an impairment indicators assessment in respect of its exploration and evaluation assets and consequently no impairment charge was recorded during the year. As a result, we considered the value of exploration and evaluation assets and related disclosures in the financial report to be a key audit matter.	In completing our audit procedures, we: ▶ Assessed whether any impairment indicators, as set out in AASB 6, were present, and assessed the conclusions with respect to impairment reached by management. ▶ Evaluated the Group's right to explore in the relevant exploration areas, including by inspecting supporting documentation such as license agreements and correspondence with relevant government agencies to ensure the right to explore was current. ▶ Considered the results of exploration and evaluation activities carried out in the relevant license areas to date. ▶ Assessed the Group's intention to carry out significant exploration and evaluation activities on the Razorback project and other exploration areas. This included the assessment of the Group's cash flow forecasts and assessing the Group's plan to continue to progress the Razorback Project. ▶ Assessed the accounting treatment related to costs incurred to date, agreeing costs incurred, payments made, and associated calculations to third party supporting documentation. ▶ Assessed the nature of the costs incurred to ensure they are valid costs for capitalisation as exploration and evaluation costs. ▶ Considered whether any other data or information exists which indicates that the carrying amount of the exploration and evaluation assets is unlikely to be recovered in full, from successful development or by sale. ▶ Assessed the adequacy of the disclosures in Note 12 to the financial statements.

Information other than the financial report and auditor's report thereon

The directors are responsible for the other information. The other information comprises the information included in the Company's 2023 annual report, but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon, with the exception of the Remuneration Report and our related assurance opinion.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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Responsibilities of the directors for the financial report

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial report

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

As part of an audit in accordance with the Australian Auditing Standards, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation.

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- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial report. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated to the directors, we determine those matters that were of most significance in the audit of the financial report of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on the audit of the Remuneration Report

Opinion on the Remuneration Report

We have audited the Remuneration Report included in pages 34 to 54 of the directors' report for the year ended 30 June 2023.

In our opinion, the Remuneration Report of Magnetite Mines Limited for the year ended 30 June 2023, complies with section 300A of the *Corporations Act 2001*.

Responsibilities

The directors of the Company are responsible for the preparation and presentation of the Remuneration Report in accordance with section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the Remuneration Report, based on our audit conducted in accordance with Australian Auditing Standards.

Ernst & Young

Ernst & Young

L A Carr
Partner
Adelaide
25 September 2023

ASX Additional Information

FOR THE YEAR ENDING 30 JUNE 2023

The following information dated 18 September 2023 is required by the Listing Rules of the ASX Limited.

1. **DISTRIBUTION AND NUMBER OF HOLDER OF EQUITY SECURITIES**

   The number of holders, by size of holding, in each class of security are:

Distribution	Number of Shareholders	Number of Shares
1 – 1,000	1,016	745,190
1,001 – 5,000	3,297	7,905,262
5,001 – 10,000	844	6,250,216
10,001 – 100,000	1,006	26,520,590
100,001 and over	90	35,343,791
Total	6,253	76,765,049

2. TWENTY LARGEST HOLDERS OF QUOTED SECURITIES

(a) Ordinary Shares

	Holder	Number of Shares Held	
		Number	**%**
1	Citicorp Nominees Pty Limited	10,061,894	13.11
2	Mr Kun Liu	2,477,003	3.23
3	Mr Siat Yoon Chin	1,030,450	1.34
4	Mr Mark Richard Eames	986,359	1.28
5	Mango Bay Enterprises Incorporated	901,300	1.17
6	Mr Michael Maynard	872,487	1.14
7	Rookharp Capital Pty Limited	800,000	1.04
8	Chin Nominees Pty Ltd	758,432	0.99
9	Mr Michael Damian	734,015	0.96
10	Mr Terrence Chivers & Mrs Vicki Lee-Anne-Chivers	668,857	0.87
11	N K C Pty Ltd	500,000	0.65
12	Mr Timothy Leigh Dobson	499,930	0.65
13	Est Mr Robert Steel Renton	497,379	0.65
14	Chetan Enterprises Pty Ltd	451,929	0.59
15	Sidoucra Pty Ltd	444,444	0.58
16	Wassa Venture Capital Pty Ltd	401,014	0.52
17	Rookharp Capital Pty Limited	400,000	0.52
18	BNP Paribas Noms Pty Ltd	379,247	0.49
19	Australia House SMSF Pty Ltd	361,207	0.47
20	Mr Azlan Ang	353,815	0.46
	Total	**23,579,762**	**30.71**
	Total remaining holders	**53,185,287**	**69.29**

3. SUBSTANTIAL SHAREHOLDERS

An extract from the Company's register of substantial shareholders is set out below:

Name	Number of Shares Held	%
Citicorp Nominees Pty Limited	10,061,894	13.11

4. VOTING RIGHTS

The Company's share capital is of one class with the following voting rights:

(a) Ordinary Shares

On a show of hands every shareholder presents in person or by proxy shall have one vote and upon a poll each share shall have one vote.

(b) Options and Performance Rights

The Company's options and performance rights have no voting rights.

5. STOCK EXCHANGE LISTING

Magnetite Mines Limited ordinary shares are listed on all member exchanges of the ASX Limited.

The home exchange is the ASX Limited.

6. RESTRICTED SECURITIES

There are no ordinary shares on issue that have been classified by the ASX Limited as restricted securities.

7. SCHEDULE OF TENEMENTS

Tenement Name	Location	Tenement Number and Type	Holder/ Application	Share Held	Status
Pualco	SA	EL 6126	MGT	100	Granted 17/09/17
Red Dragon	SA	EL 6127	MGT	100	Granted 10/12/17
Razorback Ridge	SA	EL 6353	MGT	100	Granted 22/06/19
Dragon's Tail	SA	EL 5902	MGT	100	Granted 01/12/16
Sister's Dam	SA	EL 6037	MGT	100	Granted 02/11/17
Muster Dam	SA	EL 6746	MGT	100	Granted 06/05/22
Lipson Area	SA	EL 6745	MGT	100	Granted 06/05/22
Braemar	SA	EL 6788	MGT	100	Granted 09/06/22
Manunda North	SA	EL 6878	MGT	100	Granted 30/11/22
Mutooroo Ridge	SA	EL 6877	MGT	100	Granted 30/11/22

Key to Tenement Type
EL = Exploration Licence

Key to Holders
MGT = Magnetite Mines Limited

Location
SA = South Australia

MAGNETITE MINES

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