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**INTERIM FINANCIAL STATEMENTS
31 DECEMBER 2025**

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

INTERIM FINANCIAL STATEMENTS – 31 DECEMBER 2025

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CORPORATE DIRECTORY

DIRECTORS

Paul White (Chair of the Board)
Simon Wandke (Non-Executive Director)
Tim Dobson (Managing Director)

COMPANY SECRETARY

Inthu Siva

REGISTERED OFFICE

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

Telephone: (+61 8) 8427 0516

Email: info@magnetitemines.com

Website: www.magnetitemines.com

ABN: 34 108 102 432

SHARE REGISTRY

Automic Pty Ltd
Level 5, 126 Phillip Street
Sydney N S W 2000

Telephone (within Australia): 1300 288 664

Telephone (outside Australia): (+61 2) 9698 5414

AUDITORS

Ernst & Young
121 King William Street
Adelaide, SA 5000

STOCK EXCHANGE LISTING

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

ASX Code: MGT

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DIRECTORS' REPORT

The directors present their financial statements for the half year ended 31 December 2025.

DIRECTORS

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

Paul White	(Chair of the Board)
Simon Wandke	(Non-Executive Director)
Tim Dobson	(Managing Director)

RESULT

The operating loss of the Consolidated Entity after tax for the period ended 31 December 2025 was \$1,881,536 (2024: Loss \$2,194,163).

REVIEW OF OPERATIONS

During the period, the Consolidated Entity continued its iron ore activities in South Australia. Below is a summary of key operational announcements made during the half-year ended 31 December 2025 outlining the key milestones achieved.

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

- ASX Announcement – 19 December 2025 – Razorback Strategic Partnering Update
- ASX Announcement – 26 November 2025 – Results of 2025 AGM
- ASX Announcement – 24 November 2025 – Razorback Mining Lease Validity Assessment Finalised
- ASX Announcement – 18 November 2025 – Additional Rare Earths Confirmed, Drilling Planned
- ASX Announcement – 13 November 2025 – CSL Australia Joins Green Iron SA Consortium
- ASX Announcement – 30 October 2025 – Activities and Cash flow Reports for period ending 30 September 2025
- ASX Announcement – 28 October 2025 – Notice of General Meeting
- ASX Announcement – 26 September 2025 – Annual Report to shareholders
- ASX Announcement – 5 September 2025 – Rights Issue closes fully subscribed
- ASX Announcement – 19 August 2025 – Rare Earths Mineralisation Identified at Ironback Hill
- ASX Announcement – 18 August 2025 – Results of EGM
- ASX Announcement – 8 August 2025 – Renounceable Rights Issue to Raise up to \$2.65M
- ASX Announcement – 30 July 2025 – Activities and Cash flow Reports for period ending 30 June 2025
- ASX Announcement – 28 July 2025 – Application for quotation of securities
- ASX Announcement – 17 July 2025 – Notice of Extraordinary General Meeting
- ASX Announcement – 2 July 2025 – Application for quotation of securities

Below is a summary of key operational announcements made subsequent to half-year ended 31 December 2025.

- ASX Announcement – 11 March 2026 – Rights Issue Opens
- ASX Announcement – 10 March 2026 – Investor Presentation
- ASX Announcement – 3 March 2026 – Renounceable Rights Issue Prospectus
- ASX Announcement – 3 March 2026 – Renounceable Rights Issue to Raise up to \$3.92 Million
- ASX Announcement – 16 February 2026 – Razorback Project Awarded Major Project Status
- ASX Announcement – 16 February 2026 – Ironback Hill REE Project Drilling Approvals Secured
- ASX Announcement – 13 February 2026 – Change of Share Registry Details
- ASX Announcement – 30 January 2026 - Activities and Cash flow Reports for period ending 31 December 2025
- ASX Announcement – 23 January 2026 – Application for quotation of securities
- ASX Announcement – 7 January 2026 – New Tenement Granted Adjacent to Ironback Hill REE Project

EVENTS SUBSEQUENT TO REPORTING DATE

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

Rights Issue

On 3 March 2026, the Company launched a renounceable Rights Issue at \$0.04 per share to raise approximately \$3.92 million (before costs), partially underwritten to \$0.8 million. In accordance with the Rights Issue timetable, the offer is scheduled to close on 25 March 2026, with the results expected to be announced on 1 April 2026.

DIRECTORS' REPORT

AUDITOR'S INDEPENDENCE DECLARATION

The Auditor's Independence Declaration to the Directors of Magnetite Mines Limited is set out on page 4 and forms part of the Directors' Report for the period ended 31 December 2025.

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



Paul White
Chair of the Board

13 March 2026

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AUDITOR'S INDEPENDENCE DECLARATION



Shape the future
with confidence

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

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

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

As a lead auditor for the review of the half-year financial report of Magnetite Mines Limited for the half-year ended 31 December 2025, I declare to the best of my knowledge and belief, there have been:

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

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

A handwritten signature in black ink that reads 'Ernst & Young' in a cursive style.

Ernst & Young

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

L A Carr
Partner
13 March 2026

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Notes	Consolidated	
		31 December 2025 \$	31 December 2024 \$
REVENUE FROM OPERATIONS			
Net finance income	3(a)	50,674	28,128
Other income	3(b)	108,278	170,830
		158,952	198,958
EXPENDITURE			
Depreciation and amortisation expenses	3(e)	(87,044)	(139,036)
Employee benefits expenses	3(c)	(1,325,946)	(1,581,801)
Exploration expenses	4	(5,994)	(750)
Other expenses	3(d)	(407,167)	(659,384)
Fair value gain/(loss) on convertible loan note		(198,662)	-
Borrowing costs	3(f)	(15,675)	(12,150)
Loss before income tax expense		(1,881,536)	(2,194,163)
Income tax expense		-	-
Net loss for the period		(1,881,536)	(2,194,163)
Total comprehensive loss for the period		(1,881,536)	(2,194,163)
Net Loss attributable to:			
Members of the parent entity		(1,881,536)	(2,194,163)
Total comprehensive loss attributable to:			
Members of the parent entity		(1,881,536)	(2,194,163)
Earnings per share attributable to the ordinary equity holders of the parent entity:		Cents per share	Cents per share
Basic (loss)/earnings for the half-year	5	(1.14)	(2.03)
Diluted (loss)/earnings for the half-year	5	(1.14)	(2.03)

The accompanying notes form part of the financial statements.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2025**

		Consolidated	
	Notes	31 December 2025 \$	30 June 2025 \$
ASSETS			
Current Assets			
Cash and cash equivalents	7	2,817,909	1,486,179
Other receivables		274,381	187,318
Total Current Assets		3,092,290	1,673,497
Non-Current Assets			
Other receivables		195,726	195,726
Property, plant and equipment		65,688	81,414
Exploration and evaluation expenditure	4	39,683,073	39,017,371
Right of use of assets	9(a)	261,345	333,606
Total Non-Current Assets		40,205,832	39,628,117
TOTAL ASSETS		43,298,122	41,301,614
LIABILITIES			
Current Liabilities			
Trade and other payables	16	436,286	691,855
Lease liabilities	9(b)	165,631	190,143
Convertible loan notes	17	2,376,442	2,856,510
Provisions	18	450,744	424,843
Total Current Liabilities		3,429,103	4,163,351
Non-Current Liabilities			
Lease liabilities	9(b)	66,774	149,097
Total Non-Current Liabilities		66,774	149,097
TOTAL LIABILITIES		3,495,877	4,312,448
NET ASSETS		39,802,245	36,989,166
EQUITY			
Contributed equity	10(a)	102,578,289	98,481,394
Reserves		15,742,571	15,144,851
Accumulated losses		(78,518,615)	(76,637,079)
TOTAL EQUITY		39,802,245	36,989,166

The accompanying notes form part of the financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

	Notes	Consolidated	
		31 December 2025 \$	31 December 2024 \$
CASH FLOWS FROM OPERATING ACTIVITIES			
Payments to suppliers and employees		(1,366,634)	(1,709,271)
Interest received		37,164	13,341
Other income		-	6,713
Interest paid		(15,675)	(12,150)
Net cash flows used in operating activities		(1,345,145)	(1,701,367)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for tenements, exploration and evaluation expenditure		(600,966)	(1,582,355)
Payments for plant and equipment		(2,187)	(13,568)
Proceeds from sale of plant and equipment		26,186	-
Redemption of / (payment for) security deposits		-	102,445
Net cash flows used in investing activities		(576,967)	(1,493,478)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from / (refund for) issuance of shares net of capital raising costs		3,360,677	3,124,750
Repayment of convertible loan note		-	-
Repayment of lease liabilities		(106,835)	(113,654)
Net cash flows from financing activities		3,253,842	3,011,096
Net decrease in cash and cash equivalents		1,331,730	(183,749)
Cash and cash equivalents at the beginning of period		1,486,179	1,212,955
Cash and cash equivalents at the end of period	7	2,817,909	1,029,206

The accompanying notes form part of the financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2025**

Consolidated	Equity	Accumulated losses	Reserve in relation to Convertible loan notes	Option Reserve	Share Based Payments Reserve	Total
	\$	\$		\$	\$	\$
Balance at 1 July 2025	98,481,394	(76,637,079)	496,673	1,086,935	13,561,243	36,989,166
Total comprehensive income for the period	-	(1,881,536)	-	-	-	(1,881,536)
Loss for the period	-	(1,881,536)	-	-	-	(1,881,536)
Total comprehensive income/(loss) for the period	-	(1,881,536)	-	-	-	(1,881,536)
Transactions with owners recorded directly in equity:						
Contributions of equity, net of transaction costs	4,096,895	-	-	-	-	4,096,895
Recognised value of share based payments	-	-	-	-	597,720	597,720
Balance at 31 December 2025	102,578,289	(78,518,615)	496,673	1,086,935	14,158,963	39,802,245

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

The accompanying notes form part of the financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

1. CORPORATE INFORMATION

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

These general purpose interim financial statements for the half-year reporting period ended 31 December 2025 have been prepared in accordance with requirements of the *Corporations Act 2001* and Australian Accounting Standard AASB 134: *Interim Financial Reporting*. The Group is a for-profit entity for financial reporting purposes under Australian Accounting Standards.

This interim financial report is intended to provide users with an update on the latest annual financial statements of Magnetite Mines Limited and its controlled entities (referred to as the "Consolidated Group" or "Group"). As such, it does not contain information that represents relatively insignificant changes occurring during the half-year within the Group. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Group for the year ended 30 June 2025, together with any public announcements made during the following half-year.

These interim financial statements were approved and authorized for issue by the board on 13 March 2026.

a) Accounting Policies

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

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

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

c) Mineral exploration and evaluation

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

Exploration and evaluation costs are accumulated in respect of each separate area of interest. Exploration and evaluation costs are carried forward where right of tenure of the area of interest is current and they are expected to be recouped through sale or successful development and exploitation of the area of interest or, where exploration and 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.

d) Going concern

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

The Group recorded a loss of \$1,881,536 (2024: loss of \$2,194,163) and had operating and investing cash outflows of \$1,922,112 (2024: \$3,194,845) for the half year ended 31 December 2025. As at 31 December 2025, the Group had cash assets of \$2,817,909 (30 June 2025: \$1,486,176). The net working capital¹ deficit at 31 December 2025 was \$336,813 (30 June 2025: Net working capital¹ deficit \$2,489,854) and the Group has minimum exploration commitments due within one year of \$396,017 (2024: \$96,089). Effective 1 February 2025, the Non-Executive Chair, Mr Paul White, and Non-Executive Director, Mr Simon Wandke, elected to receive a portion of their director fees in shares under the Company's Employee Incentive Plan in order to support the Company's cash preservation strategy. The Group has also undertaken prudent cost management measures to preserve cash, including optimising its operating structure and reducing overhead expenditure.

Note 1: Net working capital reflects the net current asset position, including the Convertible Loan Notes, which are convertible at C/M Capital's discretion until maturity and repayable at maturity if not converted.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

Going concern *continued*

The Directors, in their consideration of the appropriateness of the going concern basis for the preparation of the financial statements, have prepared a cash flow forecast through to March 2027. The cash flow forecast indicates the current cash balance is insufficient to meet its ongoing planned expenditure for the next 12 months from the date of this report without one or more of the following funding activities occurring:

Within the next 12 months: i) completion of the Rights Issue announced on 3 March 2026, which is expected to raise up to approximately \$3,920,000 (before costs); (ii) raising additional equity capital, subject to prevailing market conditions; (iii) entering into an agreement with a strategic partner to fund ongoing planned expenditure on the Razorback project; (iv) C/M Capital providing the remaining available funding amounts to the Group by way of Convertible Notes (up to the balance of \$3,459,000 not previously drawn, subject to placement capacity and obtaining necessary approvals)²; v) receipting refunds from research and development incentives, and/or vi) undertaking a Razorback project sell-down.

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

Should the Group be unsuccessful in achieving one or more of the funding activities set out above, a material uncertainty would exist that may cast significant doubt on the ability of the group to continue as a going concern and, therefore, whether it will 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.

Note 2: Necessary approvals may include shareholder approval under the ASX Listing Rules, sufficient available placement capacity pursuant to ASX Listing Rule 7.1 (or other applicable rules), and subject to mutual agreement with C/M Capital, as well as compliance with any other regulatory or contractual requirements associated with the Convertible Note facility.

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

3. REVENUE AND EXPENSES

Revenues and expenses:

	Note	Consolidated	
		31 December 2025 \$	31 December 2024 \$
a) Net finance income			
Bank interest received and receivable		50,674	28,128
		50,674	28,128
b) Other income			
R&D Tax Benefit		85,223	169,908
Profit on sale of fixed asset		23,055	-
Fuel Tax Credit		-	922
		108,278	170,830
c) Employee benefits expense			
Share based expense ¹	12(a)	655,208	411,269
Salaries and wages		670,738	1,170,532
		1,325,946	1,581,801
d) Other expenses			
Contractors and consultants services		179,951	215,812
General and administrative expenses		227,216	443,572
		407,167	659,384
e) Depreciation			
Depreciation on property, plant & equipment and amortisation expenses		14,783	22,108
Amortisation expense on ROU asset	9(c)	72,261	116,928
		87,044	139,036
f) Borrowing costs			
Other interest costs		3,585	-
Interest expense from unwinding of lease liabilities	9(d)	12,090	12,150
		15,675	12,150

Note 1: Relates to non-cash expenses associated with shares issued to Directors in lieu of director fees (\$62,613) and options and performance rights issued to the Managing Director and employees in December 2025 (\$592,594). Refer to note 12(a)

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

4. EXPLORATION AND EVALUATION EXPENDITURE

	6 months ended 31 December 2025	12 months ended 30 June 2025
	\$	\$
Balance at the beginning of the period	39,017,371	36,311,546
Exploration and evaluation expenditure	671,696	2,709,090
Exploration written off	(5,994)	(3,265)
	39,683,073	39,017,371

5. EARNINGS PER SHARE

	31 December 2025 Cents	31 December 2024 Cents
Basic loss per share (cents per share)	(1.14)	(2.03)
Diluted loss per share (cents per share)	(1.14)	(2.03)
Weighted average number of ordinary shares used in the calculation of basic earnings per share	164,969,678	108,227,419
Weighted average number of ordinary shares and potential ordinary shares used in the calculation of diluted earnings per share	164,969,678	108,227,419

6. SEGMENT INFORMATION

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

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

7. CASH AND CASH EQUIVALENTS

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

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
Cash at bank and in hand	301,466	1,486,179
Short-term deposits	2,516,443	-
	2,817,909	1,486,179

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

8. CONTROLLED ENTITIES

Name	Country of Incorporation	Percentage interest held	
		2025 %	2024 %
Razorback Iron Pty Ltd	AUS	100	100
Razorback Operations Pty Ltd	AUS	100	100
Red Dragon Mining Pty Ltd	AUS	100	100
Ironback Pty Ltd	AUS	100	100

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

9. LEASES

	Note	31 December 2025 \$	30 June 2025 \$
a) Right-of-use assets			
Rental property opening balance		333,606	133,088
Additions		-	437,723
Depreciation		(72,261)	(237,205)
Rental property closing balance		261,345	333,606
b) Lease liabilities			
Current		165,631	190,143
Non-current		66,774	149,097
		232,405	339,240
c) Amortisation expense of right-of-use asset			
Amortisation expense		72,261	237,205
		72,261	237,205
d) Interest expense on lease liabilities			
Interest expense from the unwinding of interest	3(f)	12,090	28,533
		12,090	28,533

10. CONTRIBUTED EQUITY

a) Issued and paid up capital

	31 December 2025 \$	30 June 2025 \$
Ordinary shares issued and fully paid	103,087,074	99,366,228
Less: issue costs	(508,785)	(884,834)
	102,578,289	98,481,394

b) Movement in ordinary shares on issue to 31 December 2025

	Number of shares	\$
At 1 July 2025	121,013,179	98,481,394
Renounceable rights issue	40,852,578	2,655,421
Placement	18,676,923	1,214,000
Exercise of quoted options	350	42
Conversion of Convertible notes	13,080,629	678,730
Conversion of performance rights	1,225,462	-
Issue of director shares in lieu of director fees	638,749	57,487
Capital raising cost	-	(508,785)
At 31 December 2025	195,487,870	102,578,289

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

11. MOVEMENT IN OPTIONS, PERFORMANCE RIGHTS AND CONVERTIBLE NOTES ON ISSUE

	Expiry Date	Exercise Price	Balance at 1 July 2025	Issued during the period	Exercised during the period	Lapsed during the period	Expired during the period	Balance at 31 Dec 2025
Unquoted options								
Unquoted options	14 October 2025	\$2.03	286,071	-	-	-	(286,071)	-
Unquoted options	1 December 2025	\$1.39	1,049,654	-	-	-	(1,049,654)	-
Unquoted options	15 December 2025	\$0.915	600,000	-	-	-	(600,000)	-
Unquoted options	1 December 2028	\$1.34	382,883	-	-	(382,883)	-	-
Unquoted options	1 February 2029	\$0.78	167,940	-	-	-	-	167,940
Unquoted options	5 December 2029	\$0.556	1,978,713	-	-	-	-	1,978,713
Unquoted options	7 March 2028	\$0.1542	8,106,355	-	-	-	-	8,106,355
Unquoted options	19 May 2028	\$0.1301	2,881,548	-	-	-	-	2,881,548
Unquoted options	30 June 2028	\$0.1212	1,200,495	-	-	-	-	1,200,495
Unquoted options	6 December 2030	\$0.229	5,227,160	-	-	-	-	5,227,160
Quoted options	2 October 2027	\$0.30	16,639,408	-	-	-	-	16,639,408
Quoted options	5 March 2028	\$0.12	-	63,398,919	(350)	-	-	63,398,569
Quoted options	5 December 2031	\$0.091	-	13,380,648	-	-	-	13,380,648
Performance Rights								
STI performance rights vesting on 30 June 2026			-	10,208,523	-	-	-	10,208,523
Convertible notes								
Convertible notes (face value \$1 each), maturing on 24 January 2027			946,000	-	(760,000)	-	-	186,000
Convertible notes (face value \$1 each), maturing on 7 March 2027			1,404,000	-	-	-	-	1,404,000
Convertible notes (face value \$1 each), maturing on 19 May 2027			810,000	-	-	-	-	810,000
Convertible notes (face value \$1 each), maturing on 30 June 2027			314,280	-	-	-	-	314,280
Total			41,994,507	86,988,090	(760,350)	(382,883)	(1,935,725)	112,522,991

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

12. SHARE BASED PAYMENTS

a) Recognised share based expenses

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

	Consolidated	
	31 December 2025	31 December 2024
	\$	\$
Expense arising from performance rights and options issued to Directors, employees and consultants ¹	655,208	411,269

Note 1: Relates to non-cash expenses associated with shares issued to Directors in lieu of director fees (\$62,613) and options and performance rights issued to the Managing Director and employees in December 2025 (\$592,594).

Terms of valuation of performance rights is as below.

Managing Director performance rights

Number of performance rights	4,261,364
Grant date	26/11/2025
Share Price at grant date	\$0.059
Vesting period (months)	12 months
Fair value of performance rights	\$0.059
Vesting date	30/06/2026

Employee performance rights

Number of performance rights	5,947,159
Grant date	5/12/2025
Share Price at grant date	\$0.056
Vesting period (months)	12 months
Fair value of performance rights	\$0.056
Vesting date	30/06/2026

Terms of valuation of options is as below.

Managing Director options

Number of options	6,443,131
Grant date	26/11/2025
Share Price at grant date	\$0.059
Option exercise price	\$0.0905
Expiry date	05/12/2031
Expected life of the option (years)	6 years
Vesting period (years)	3 years
Dividend yield (%)	-
Expected volatility (%)	100%
Risk-free interest rate (%)	3.977%
Fair value of options	\$0.0388
Vesting date	05/12/2028

Employee options

Number of options	6,937,517
Grant date	5/12/2025
Share Price at grant date	\$0.056
Option exercise price	\$0.0905
Expiry date	05/12/2031
Expected life of the option (years)	6 years
Vesting period (years)	3 years
Dividend yield (%)	-
Expected volatility (%)	100%
Risk-free interest rate (%)	3.977%
Fair value of options	\$0.0388
Vesting date	05/12/2028

b) Issue of Managing Director and Employees Options and Performance Rights

The Company has an Employee Incentive Plan in place which was approved by shareholders on 26 November 2025. During the 6 months ended 31 December 2025, 13,380,648 (2024: 5,227,160) options and 10,208,523 (2024: 3,975,790) performance rights were issued to Managing Director and employees.

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

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

	Consolidated	
	Number	WAEP \$
Outstanding at beginning of the period	9,692,421	\$0.57
Issued during the period	23,589,171	\$0.089
Options exercised during the period	-	-
Expired / lapsed during the period	(2,318,608)	\$1.34
Outstanding at end of the period	30,962,984	\$0.147
Exercisable at the end of the period	-	-

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE HALF YEAR ENDED 31 DECEMBER 2025

13. INTEREST IN JOINT VENTURES

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

14. COMMITMENTS

There are no material outstanding commitments or contingencies which are not disclosed in the interim financial statements of the Company as at 31 December 2025 other than:

a) Mineral tenement expenditure commitments – Australia

The Group has an annual expenditure obligation of approximately \$396,017 and expenditure obligations after one year but not more than five years of \$1,860,000 with respect to the exploration licenses in South Australia.

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

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

b) Bonds

As at 31 December 2025, the Group has outstanding \$100,000 (30 June 2025: \$100,000) as bonds provided by the Company's bank for mineral tenements in Australia.

c) Bank guarantee

As at 31 December 2025, the Group has outstanding \$95,728 (30 June 2025: \$95,728) as bank guarantee provided by the Group's bankers. The Company's remaining available bank guarantee limit of \$192,765 is not utilised by the Company.

d) Directors and employee commitments

The Group has entered into contracts with its directors and employees whereby minimum notice periods have been provided by the Group. This totals \$397,799 (30 June 2025: \$397,799).

15. CONTINGENCIES

Contingent asset

As at 31 December 2025, the Group does not have any contingent asset (31 December 2024: \$Nil).

Contingent liabilities

As at 31 December 2025, the Group has the following contingent liabilities:

Agreement with Mintech Resources Pty Ltd

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

- 1) Resource payments to Mintech calculated at \$0.01 per DTR tonne of measured resources (resource payment = tonne of measured resource x \$0.01 x [(Average DTR% of Resource tonnes)/100]). DTR means potentially recoverable tonnes of magnetite as determined by the Davis Tube Recovery technique;
- 2) A Production Payment of \$3,000,000 to Mintech within 20 Business Days of the Company receiving payment of at least 95% of the purchase price for the first commercial shipment of Product from the tenement; and
- 3) A 1% Royalty on the Value of the Product produced from the tenement measured at the "mine gate".

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

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

DIRECTORS' REPORT

15. CONTINGENCIES *continued*

Contingent liabilities *continued*

Agreement with Goldus Pty Ltd

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

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

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

16. TRADE AND OTHER PAYABLES

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
Trade and other payables (1)	243,261	244,638
Accruals	193,025	447,217
	<u>436,286</u>	<u>691,855</u>

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

17. CONVERTIBLE NOTES (CURRENT)

	Consolidated	
	31 December 2025	30 June 2025
	\$	\$
Convertible notes	2,376,442	2,856,510
<i>Reconciliation of movement in convertible notes</i>		
Opening balance	2,856,510	-
Convertible notes issued during the year	-	3,034,192
Movement attributable to fair value	198,662	106,583
Conversion of convertible notes into shares during the year	(678,730)	(284,265)
Closing balance	<u>2,376,442</u>	<u>2,856,510</u>

As announced on 13 January 2025, the Group also secured up to \$7,000,000 funding in the form of unsecured Convertible Notes, from two investment funds managed by US-based C/M Capital Partners, LP (C/M Capital). In the financial year ended 30 June 2025, the Group drew \$3,541,000 across four tranches under this facility. Notes were issued at a face value equal to 108% of the relevant investment amount. On 25 March 2025, \$350,000 of notes issued on 24 January 2025 were converted into 4,347,826 fully paid ordinary shares. During the period, on 19 August 2025, \$300,000 of notes were converted into 3,750,000 shares and on 2 December 2025, a further \$460,000 of notes were converted to 9,330,629 shares. Subject to mutual agreement and the Group obtaining necessary approvals, up to a further \$3,459,000 remains available to be drawn under the facility in additional tranches.

DIRECTORS' REPORT

18. PROVISIONS

	Consolidated	
	31 December 2025 \$	30 June 2025 \$
Provision for annual and long service leave	413,344	404,343
Provision for rehabilitation	37,400	20,500
	<u>450,744</u>	<u>424,843</u>

19. SUBSEQUENT EVENTS

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

Rights Issue

On 3 March 2026, the Company launched a renounceable Rights Issue at \$0.04 per share to raise approximately \$3.92 million (before costs), partially underwritten to \$0.8 million. In accordance with the Rights Issue timetable, the offer is scheduled to close on 25 March 2026, with the results expected to be announced on 1 April 2026.

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DIRECTORS' DECLARATION

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

- (1) the financial statements and notes, as set out in pages 5 to 18 are in accordance with the Corporations Act 2001, including:
 - a) complying with Accounting Standards AASB 134: "Interim Financial Reporting" and the Corporations Regulations 2001; and
 - b) giving a true and fair view of the financial position of the Consolidated entity as at 31 December 2025 and of its performance for the half-year ended on that date of the Consolidated entity; and
- (2) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Paul White
Chair of the Board

13 March 2026

INDEPENDENT AUDITOR'S REVIEW REPORT



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

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

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

Conclusion

We have reviewed the accompanying half-year financial report of Magnetite Mines Limited (the Company) and its subsidiaries (collectively the Group), which comprises the consolidated statement of financial position as at 31 December 2025, 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 half-year ended on that date, explanatory notes and the directors' declaration.

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

- a. Giving a true and fair view of the consolidated financial position of the Group as at 31 December 2025 and of its consolidated financial performance for the half-year ended on that date; and
- b. Complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity (ASRE 2410)*. Our responsibilities are further described in the Auditor's responsibilities for the review of the half-year financial report section of our report. We are independent of the Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to reviews of the half-year financial report of public interest entities in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Material uncertainty related to going concern

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

Directors' responsibilities for the half-year financial report

The directors of the Company are responsible for the preparation of the half year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half year financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

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

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INDEPENDENT AUDITOR'S REVIEW REPORT



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believe that the half year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Group's financial position as at 31 December 2025 and its performance for the half year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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

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

Ernst & Young

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

L A Carr
Partner
Adelaide
13 March 2026

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