



**FINANCIAL STATEMENTS**  
**FOR MAGNETICA LIMITED AND ITS CONTROLLED ENTITIES**  
**FOR THE HALF YEAR ENDED 30 NOVEMBER 2023**

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**Magnetica Limited & Controlled Entities**



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## DIRECTORS' REPORT

Your directors present their report for the half-year ended 30 November 2023.

## DIRECTORS

The following persons were directors of Magnetica Limited during the period and up to the date of this report:

Stephen McQuillan – Board Chair  
Prof. Stuart Crozier  
Client Gouveia  
Stephen King  
Duncan Stovell

## REVIEW OF OPERATIONS

The first half of our 2024 financial year, from June to November inclusive, has been a busy period, with our existing lines of business receiving a range of orders for spectrometers and superconducting magnets alike. As such, our UK and US based teams remain very heavily utilised designing, manufacturing and delivering products to meet the needs of our research-industry customer base. As well as maintaining capability and capacity in these two key areas of our business for existing lines of business, it ensures we are able to develop compelling market offerings in our MRI system business, being the primary focus for the business, and the compelling reason for us to complete the merger of Magnetica with Scientific Magnetics and Tecmag in January 2021.

As we work to complete the development of our MSK (musculoskeletal) Extremity MRI system, we have been working to raise awareness of our brand and offerings to the MSK community and broader radiology market. In the first half of FY2024 we have attended and exhibited at a number of events in North America and Europe, including in the US, Canada, Spain and the UK.

RSNA (Radiological Society of North America) hosts the largest annual Radiology conference and exhibition globally. Held in Chicago every year, commencing on the weekend after Thanksgiving, we have attended this event on many occasions. For Magnetica, however, 2023 was different. This year we exhibited at the event for the first time. Not only did we have the opportunity to strengthen our brand awareness to the 40,000+ event attendees, we also revealed our prototype MSK Extremity MRI system to the world. The feedback received, from a range of industry experts and key opinion leaders, including Radiologists and Radiographers/Technologists, was very positive. Discussions confirmed an appetite for the product and the high-performance specifications would meet their needs. For those users with older MR equipment for dedicated MSK extremity imaging, the system was a clear upgrade pathway, addressing a key capability availability risk for them. We look forward to continuing conversations with this inspiring group of people in the coming months.

With the US being our launch market for the MSK Extremity MRI system, one key activity we have been working upon for some time has been securing a primary channel to market. Soon after the merger in 2021, we decided to utilise a sales and service distribution model, rather than seeking to establish such a capability in-house. We have now completed negotiations with our new US-based Distributor, Televere Systems LLC, to undertake the sale and service of our product. Televere has been successfully selling and servicing medical imaging equipment in the US for many years, and has brought a range of new products into the US market on behalf of overseas based medical equipment manufacturers. Adding our MRI product to their suite of medical imaging equipment, they are an excellent partner for us to work with and we are excited to develop our relationship. We signed and announced the Distribution Agreement at the annual RSNA conference in Chicago, helping to ensure RSNA 2023 was an even more memorable and noteworthy event for us.

As described above, late November 2023 was the culmination of many months of work, with very successful events held, and milestones achieved. Nevertheless, the work does not conclude there – the team continue to diligently work to complete the development of the product to enable us to submit an application to the US FDA (Food and Drug Administration) to obtain approval to market the device within the USA.

## **DIRECTORS' REPORT (CONTINUED)**

The development activities relating to our MSK Extremity MRI system have been progressing well, but we have certainly had our fair share of challenges to overcome and new insights to work through. In common with most organisations operating on a global footing, supply chains, inflation and the timely availability of skilled people to join our team have been issues we have worked to address. The challenges have seen some delays in our program of work, but the team remain focused and committed to complete the activities as soon as reasonably practicable. The Australia, UK and US based teams continue to collaborate effectively, to share knowledge and best practice with one another. As we work to complete the development, we are now entering a phase of increased interaction with external parties, be that consultants to guide our activities to ensure we correctly meet the needs of the regulator, or third-party test houses to ensure we have a safe, cyber-secure, and effective medical device.

Building off the back of the strong market-pull being expressed by people we speak with about our disruptive product, we are seeking to ensure we are ready for the expected scale up of orders we anticipate receiving, once we have been approved to sell our medical device. Having sufficient and appropriate manufacturing capacity will be a key enabler, to ensure we are able to deliver product within reasonable lead times. As such, both Magnetica in Australia and Tecmag in the US have recently relocated to new facilities. In September Magnetica completed the move over to its new facility in the suburb of Northgate in Brisbane. In December, being after the end of the reporting period, Tecmag relocated to a new facility in Houston. Whilst there are always a range of challenges and operational inefficiencies when a business relocates, the teams have done a great job of minimising disruption and possible impact on customers.

Ensuring we meet our compliance obligations remains an important element of our business activities. Maintaining our existing Quality Management System (QMS) certifications to ISO 13485, a QMS standard for medical device companies, was achieved when all three offices successfully completed their surveillance audits earlier this financial year. Additionally, Scientific Magnetics successfully completed their ISO 9001 QMS surveillance audit. Given the breadth and scope of such a medical device focused QMS, the teams are to be commended for their diligence and attention to detail.

With daily reports in the news of new cyber threats, exposed system vulnerabilities, ever expanding attack surfaces, and breaches of company defences by bad actors, cybersecurity is naturally a key risk for the Directors. Cyber risk is an important issue for any enterprise, but in recent years it has become a major focus for medical device regulators. We are working to ensure our medical devices meet the legal and regulatory requirements in the markets where we seek to market our products. Given our focus on our market entry in the US, the FDA's final cybersecurity guidance released in recent months is a 'must-read' for us, to ensure we comply. With both enterprise and product cybersecurity in mind, a decision was made to work to achieve compliance with ISO 27001, a standard for Information Security Management Systems (ISMS). The Australian business is leading the activities, passing their initial stage-one audit in November, ahead of the stage-two certification audit scheduled for later in February 2024.

Magnetica continues to enjoy the support from our major shareholder, Avingtrans PLC, in a range of areas of the business. Not least being the ongoing equity investment into the business and provision of loan funding. The equity funds secured through the capital raising completed in January 2023 were fully consumed in August 2023. Avingtrans has since been providing loan funds to enable us to continue to race forward in our commercialisation activities. The quantum of funding required has been tempered by two main activities. The first of these being the ongoing sale and supply of custom magnets and spectrometers to research-industry customers by Scientific Magnetics and Tecmag respectively. The second, is the availability of the Research and Development rebate scheme operated by the Federal Government in Australia. Given the heavy focus upon R&D by the team as we work to develop our market offering, the rebate received this year provided nearly three months of funding coverage for us, which was very welcome.

Collaboration between Adaptix and Magnetica remains very positive, with the sharing of knowledge and best practice supporting both teams to mutually accelerate our commercialisation journeys. At RSNA 2023 in Chicago, we shared an exhibition stand and, based upon the success of the event, have already registered for RSNA 2024 to be collocated with one another again. The team spirit and camaraderie were immediately

**DIRECTORS' REPORT (CONTINUED)**

evident from day one, as the teams worked together to set-up the stand ahead of the exhibition opening the following morning.

As always, the Directors wish to take this opportunity to acknowledge the continuing support and encouragement we receive from our customers, partners, suppliers, shareholders, other stakeholders and the broader community.

**RESULTS OF OPERATIONS**

Results for the half-year are summarised as follows:

	<b>30 November 2023</b>	<b>30 November 2022</b>
	\$	\$
Profit/(loss) before income tax	1,392,406	(913,589)
Income tax expense	(8,242)	(74,058)
	<hr/>	<hr/>
Profit/(loss) for the period	1,384,164	(987,647)
	<hr/>	<hr/>

**SIGNIFICANT CHANGES IN THE STATE OF AFFAIRS**

Other than highlighted above, there were no significant changes in the state of affairs during the half-year.

**AUDITOR'S INDEPENDENCE DECLARATION**

The Auditor's Independence Declaration has been received and can be found on page 6 of this financial report.



**Stephen McQuillan**

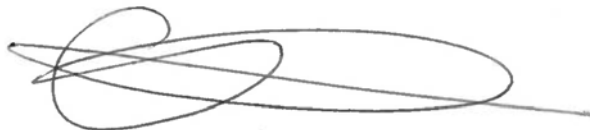
**Chair**

Chatteris, UK, 21 February 2024

**Auditor's Independence Declaration under Section 307C of the Corporations Act 2001 to the Directors of Magnetica Limited and its controlled entities**

I declare that, to the best of my knowledge and belief, during the half year ended 30 November 2023, there have been:

- i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the review; and
- ii) no contraventions of any applicable code of professional conduct in relation to the review.



HALL CHADWICK QLD

Clive Massingham  
Director  
HALL CHADWICK QLD

Signed at Brisbane this 21<sup>st</sup> day of February 2024

## **Independent Auditor's Review Report**

To the members of Magnetica Limited and controlled entities

### **Report on the Half-Year Financial Report**

#### **Conclusion**

We have reviewed the half-year financial report of Magnetica Limited and controlled entities which comprises the statement of financial position as at 30 November 2023, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a summary of significant accounting policies and other explanatory information, and the directors' declaration.

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

- (a) giving a true and fair view of the Group's financial position as at 30 November 2023 and of its 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. Our responsibilities are further described in the Auditor's Responsibilities for the Review of the Financial Report section of our report. We are independent of the Company in accordance with the auditor independence requirements of the Corporations Act 2001 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (including Independence Standards) (the Code) that are relevant to our audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

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

#### **Responsibility of the Directors for the Financial Report**


The directors of the Group 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 Responsibility for the Review of the Financial Report**

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the Company's financial position as at 30 November 2023 and its performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001.

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



HALL CHADWICK QLD

Clive Massingham  
Hall Chadwick QLD  
Chartered Accountants

Signed this 21<sup>st</sup> day of February 2024



**DIRECTORS' DECLARATION**

The Directors of the company declare that:

1. the financial statements and notes of the consolidated entity are in accordance with the *Corporations Act 2001*, including:
  - (a) giving a true and fair view of the consolidated entity's financial position as at 30 November 2023 and of its performance for the half-year ended on that date; and
  - (b) complying with the Accounting Standard AASB 134: Interim Financial Reporting and the *Corporations Regulations 2001*.
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.

Signed in Chatteris, UK this **21st** day of February 2024 in accordance with a resolution of the directors.



**Stephen McQuillan**  
Chair



**CONDENSED CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER  
COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023**

	Note	30 November 2023 \$	30 November 2022 \$
Revenue	2	5,815,583	2,616,571
Expenses		(4,423,177)	(3,530,160)
Profit/(loss) before income tax expense		1,392,406	(913,589)
Income tax expense		(8,242)	(74,058)
<b>Net profit/(loss) attributable to members of Magnetica Limited</b>		<b>1,384,164</b>	<b>(987,647)</b>
<b>Other comprehensive income, net of income tax</b>		-	-
Exchange differences on translating foreign controlled entities		8,101	(34,456)
Other comprehensive income for the year, net of tax		8,101	(34,456)
<b>Total comprehensive income for the period attributable to members of Magnetica Limited</b>		<b>1,392,265</b>	<b>(1,022,103)</b>

*The above condensed consolidated statement of profit or loss and other comprehensive income should be read in conjunction with the accompanying notes.*



**CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 NOVEMBER 2023**

	<i>Note</i>	<b>30 November 2023</b>	<b>31 May 2023</b>
		\$	\$
<b>CURRENT ASSETS</b>			
Cash and cash equivalents		2,556,520	627,648
Trade and other receivables		939,540	838,200
Inventories		1,505,301	1,043,549
Related party loan receivable		28,180	-
Accrued Income		2,517,246	1,700,725
Other current assets		967,053	652,486
<b>TOTAL CURRENT ASSETS</b>		<b>8,513,840</b>	<b>4,862,608</b>
<b>NON-CURRENT ASSETS</b>			
Property, plant and equipment		646,038	647,477
Right of Use Asset		2,764,862	1,714,077
Intangible assets	3	26,006,282	23,045,586
Investments		96,345	118,630
<b>TOTAL NON-CURRENT ASSETS</b>		<b>29,513,527</b>	<b>25,525,770</b>
<b>TOTAL ASSETS</b>		<b>38,027,367</b>	<b>30,388,378</b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		3,625,401	3,343,092
Lease liabilities		384,155	411,177
Related party loan payables - convertible notes		1,900,000	-
Employee Benefits		438,854	271,398
Interest bearing loans borrowings		617,506	632,052
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,965,916</b>	<b>4,657,719</b>
<b>NON-CURRENT LIABILITIES</b>			
Employee Benefits		25,077	110,963
Lease liability		2,453,199	1,390,286
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>2,478,276</b>	<b>1,501,249</b>
<b>TOTAL LIABILITIES</b>		<b>9,444,192</b>	<b>6,158,968</b>
<b>NET ASSETS</b>		<b>28,583,175</b>	<b>24,229,410</b>
<b>EQUITY</b>			
Issued capital	4	100,635,720	97,674,220
Reserves	5	(18,254,515)	(18,262,616)
Accumulated losses		(53,798,030)	(55,182,194)
<b>TOTAL EQUITY</b>		<b>28,583,175</b>	<b>24,229,410</b>

*The above condensed consolidated statement of financial position should be read in conjunction with the accompanying notes.*



## CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

### FOR THE HALF YEAR ENDED 30 NOVEMBER 2023

Consolidated	Share capital		Reserves	Reserves	Reserves	Reserves	Accumulated Losses	Total equity
	Ordinary	Share premium Reserve	Share option Reserve	Share Based Payments	Foreign Currency Translation Reserve			
	\$	\$	\$	\$	\$	\$		
<b>Balance at 1 June 2022</b>	<b>89,705,503</b>	<b>(19,130,051)</b>	<b>281,000</b>	-	<b>277,046</b>	<b>(53,909,311)</b>	<b>17,224,187</b>	
Vesting of all remaining performance rights before deed of cancellation and issue of ordinary shares	-	-	-	-	-	-	-	
Issue of Ordinary Shares	-	-	-	-	-	-	-	
Share premium adjustment on acquisition	-	-	-	-	-	-	-	
Share Issue Costs	-	-	-	-	-	-	-	
Loss for the year	-	-	-	-	-	(987,647)	(987,647)	
Other Comprehensive income for the year	-	-	-	-	(34,456)	-	(34,456)	
<b>Balance at 30 November 2022</b>	<b>89,705,503</b>	<b>(19,130,051)</b>	<b>281,000</b>	-	<b>242,590</b>	<b>(54,896,958)</b>	<b>16,202,084</b>	

Consolidated	Share capital		Reserves	Reserves	Reserves	Reserves	Accumulated Losses	Total equity
	Ordinary	Share premium Reserve	Share option Reserve	Share Based Payments	Foreign Currency Translation Reserve			
	\$	\$	\$	\$	\$	\$		
<b>Balance at 1 June 2023</b>	<b>97,674,220</b>	<b>(19,130,051)</b>	<b>281,000</b>	-	<b>586,435</b>	<b>(55,182,194)</b>	<b>24,229,410</b>	
Vesting of all remaining performance rights before deed of cancellation and issue of ordinary shares	-	-	-	-	-	-	-	
Issue of Ordinary Shares	2,961,500	-	-	-	-	-	2,961,500	
Share premium adjustment on acquisition	-	-	-	-	-	-	-	
Share Issue Costs	-	-	-	-	-	-	-	
Profit for the year	-	-	-	-	-	1,384,164	1,384,164	
Other Comprehensive income for the year	-	-	-	-	8,101	-	8,101	
<b>Balance at 30 November 2023</b>	<b>100,635,720</b>	<b>(19,130,051)</b>	<b>281,000</b>	-	<b>594,536</b>	<b>(53,798,030)</b>	<b>28,583,175</b>	



**CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS  
FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023**

	<b>30 November 2023</b>	<b>30 November 2022</b>
	<b>\$</b>	<b>\$</b>
<b>Cash flows from operating activities</b>		
Receipts from customers and grants	6,295,801	4,042,303
Payments to suppliers and employees	(6,076,070)	(6,747,853)
GST recovered/(paid)	256,947	133,245
<b>Net cash provided by/ (used in) operating activities</b>	<b>476,678</b>	<b>(2,572,305)</b>
<b>Cash flows from investing activities</b>		
Payments for property, plant and equipment	(80,388)	(14,587)
Payments for intangible assets	(3,138,839)	(1,518,848)
<b>Net cash provided by/ (used in) investing activities</b>	<b>(3,219,227)</b>	<b>(1,533,435)</b>
<b>Cash flows from financing activities</b>		
Shares issued (net costs)	2,961,500	-
Proceeds from related party borrowings (convertible notes)	1,885,454	3,816,976
Payments of finance lease	(175,533)	-
Payment of Interest bearing loans borrowings	-	(37,031)
<b>Net cash provided by/ (used in) financing activities</b>	<b>4,671,421</b>	<b>3,779,945</b>
Net increase (decrease) in cash and cash equivalents held	1,928,872	(325,795)
Cash and cash equivalents at the beginning of the financial period	627,648	395,027
<b>Cash and cash equivalents at the end of the financial period</b>	<b>2,556,520</b>	<b>69,232</b>

*The above condensed consolidated statement of cash flows should be read in conjunction with the accompanying notes.*



## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023

#### 1. BASIS OF PREPARATION

These general-purpose financial statements for the interim half-year reporting period ended 30 November 2023 have been prepared in accordance with the requirements of the Corporations Act 2001 and Australian Accounting Standard AASB 134: Interim Financial Reporting.

These interim financial statements are intended to provide users with an update on the latest annual financial statements of the group. As such, they do not contain information that represents relatively insignificant changes occurring during the half-year. It is therefore recommended that these financial statements be read in conjunction with the annual financial statements of the group for the year ended 31 May 2023, together with any disclosures made during the half-year.

The principal accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, unless otherwise stated.

#### a. Going Concern

The financial statements have been prepared on a going concern basis which assumes the continuity of normal business activities and the realisation of assets and discharge of liabilities in the ordinary course of business.

Magnetica Ltd is an emerging technology company and is in the continuing process of fund raising to develop the technology to a stage where the company becomes profitable and self-sufficient. The Company has made a net profit over the last financial period of \$1,384,164 and a loss of (\$987,647) in the corresponding prior period.

The ability of the Company to continue to adopt the going concern basis is dependent on a number of matters. These include the successful raising in the future of necessary funding, the ability to continue to secure government grants and/or the successful development and subsequent commercialisation of the Company's magnetic resonance imaging (MRI) technologies.

If the going concern assumption were not appropriate for these financial statements, then adjustments would be necessary in the carrying values of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used. These financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate because management believes that the actions already taken or planned, as described below, will mitigate the adverse conditions and events which raise doubts about the validity of the going concern assumption used in preparing these financial statements.

The directors believe that the adoption of the going concern basis is appropriate for the following reasons:

1. The equity funding committed by Avingtrans PLC and other investors, as part of the capital raising completed in January 2023, were fully drawn in August 2023. Since that time, Avingtrans has provided loans to Magnetica, totaling \$1.9M to the end of the half year reporting period, to support ongoing operations and commercialisation activities; the group expects to remain on loan funds from Avingtrans for the remainder of calendar year 2024, and into calendar year 2025 as required;
2. Once we have obtained authorisation from the US FDA to market our MRI system as a medical device, being both a risk reduction and value inflection point for the company, we anticipate completing a further capital raising. The loan funds from Avingtrans would likely be converted into



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023

- equity as part of the capital raise, in addition to raising new funds to continue to scale the business and meet working capital requirements;
3. Sales of superconducting magnets and spectrometers, and periodic sales of gradient coils and RF coils, are expected to occur throughout the financial year;
  4. As an MRI system OEM, Magnetica will be focused upon the commercialisation of dedicated compact MRI systems, with the MSK Extremity MRI system as the first such market offering, from which future revenues are expected to be generated;
  5. The company has historically had the ability to secure Government grant funding, in addition to securing share capital as needed;
  6. The company is entitled to a substantial annual research and development tax rebate; and
  7. The company has a surplus of net current assets at period end, and as at the date of this report.

#### 2. REVENUE

	30 November 2023	30 November 2022
	\$	\$
Sale of goods	2,843,602	2,613,037
Other Income	-	-
Research and development tax rebate	2,955,215	-
Grants	-	-
Interest income	16,766	3,534
	<hr/>	<hr/>
	5,815,583	2,616,571



## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023

#### 3. INTANGIBLE ASSETS

	30 November 2023	30 November 2022
	\$	\$
<b>Goodwill</b>		
At cost	5,972,548	5,972,548
Less: Accumulated impairment losses	-	-
<b>Total Goodwill</b>	<b>5,972,548</b>	<b>5,972,548</b>
<b>Other Intangible assets</b>		
At cost	20,845,051	14,116,564
Less: Accumulated amortisation and impairment losses	(811,317)	(841,419)
<b>Total Other Intangible assets</b>	<b>20,033,734</b>	<b>13,275,145</b>
<b>Total Intangible assets</b>	<b>26,006,282</b>	<b>19,247,693</b>





## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023

#### 4. ISSUED CAPITAL

	No of shares	\$
<b>Ordinary Shares</b>		
<b>Balance as at 1 June 2023</b>	<b>502,641,648</b>	<b>97,674,220</b>
Shares issued during the period	59,230,000	2,961,500
<b>Balance as at 30 November 2023</b>	<b>561,871,648</b>	<b>100,635,720</b>

#### 5. RESERVES

##### SHARE-BASED PAYMENTS - OPTIONS

No options were granted or exercised during the half year ended 30 November 2023.

In 2005 options were granted as equity compensation benefits to certain directors in office at that time. The options were issued at no cost. Each of the granted options entitled the holder to subscribe for one fully paid ordinary share in the entity at various exercise prices and various option periods. Set out below are summaries of options previously granted to directors.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023

#### 5. RESERVES (CONTINUED)

##### SHARE-BASED PAYMENTS – OPTIONS (CONTINUED)

Grant date	First exercise date	Last exercise date	Exercise price per share	Balance at 30 November 2023	Balance at 30 May 2023
20-May-05	Relisting date	Relisting date+3yr	\$0.50	1,000,000	1,000,000
20-May-05	Relisting date+1yr	Relisting date+4yr	\$0.54	1,000,000	1,000,000
20-May-05	Relisting date+2yr	Relisting date+5yr	\$0.60	1,000,000	1,000,000
				<b>3,000,000</b>	<b>3,000,000</b>
Options outstanding at year-end				3,000,000	3,000,000
Options exercisable at year-end				-	-
Weighted average exercise price of outstanding options				\$0.54	\$0.54
Weighted average fair value of outstanding options				\$0.09	\$0.09

The options granted have been valued using the Black-Scholes option pricing model applying the following assumptions: -

- Risk free interest rate 5.37%
- Expected share price volatility 78.00%
- Underlying share price \$0.40
- Expiry date see last exercise date above.

##### SHARE-BASED PAYMENTS – RESTRICTED ORDINARY SHARES

A Share and Option Plan instituted by the company in January 2021 replaced a Performance Rights Plan operated prior to the merger. A total of 8,925,000 fully paid Restricted Ordinary Shares are on issue, replacing Performance Rights previously held by plan participants.

A holder of Restricted Ordinary Shares must not dispose or otherwise deal with any shares issued or transferred to a participant under the plan while they are restricted shares and subject to a restriction period. The restriction period is from the date of issue until the earlier of:

- (a) the occurrence of a Liquidity Event;
- (b) the date that is 15 years from the date of issue; or
- (c) the date determined by the Board in its absolute discretion.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE HALF-YEAR ENDED 30 NOVEMBER 2023

#### 5. RESERVES (CONTINUED)

##### SHARE BASED PAYMENTS – RESTRICTED ORDINARY SHARES (CONTINUED)

Liquidity Event means the first to occur of:

- a) the date on which any Shares are either or both allotted or transferred under a prospectus lodged with the Australian Securities and Investments Commission (or other relevant regulatory body) in connection with an IPO;
- b) the date on which a takeover bid for all of the Shares not owned by the bidder becomes unconditional;
- c) the merger or consolidation of the company into another company;
- d) a scheme of arrangement is made or undertaken in respect of the company;
- e) the date on which, following a trade sale all or part of the net proceeds of sale are paid to shareholders; or
- f) any event similar to those described in (a) to (e) involving a change in ownership or control of the company or all or substantial part of the assets of the group.

When a share ceases to be a restricted share, all restrictions on disposing of or otherwise dealing or purporting to deal with that share under the rules of the plan will cease.

#### 6. CONTINGENT LIABILITIES

There has been no material change in contingent liabilities since the last annual reporting date.

#### 7. SUBSEQUENT EVENTS

No matters or circumstances have arisen since the end of the financial year which have significantly affected or may significantly affect the operations of the Group, the results of those operations, or the state of affairs of the Group in future years.