QUARTERLY REPORT for the Quarter Ended 30 June 2014

Magnetic Resources NL
ABN 34 121 370 232

ASX Codes: MAU and MAUCA

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PO Box 1388
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Issued Capital:
Shares - Quoted:
90,544,874 fully paid shares
20,418,862 contributing shares
Options - Unquoted:
4,045,000 options exercisable at $0.2709 by 23.12.2014
2,145,000 options exercisable at $0.4607 by 21.12.2015
12,757,143 options exercisable at $0.1499 by 27.12.2016
500,000 options exercisable at $0.20 by 3/10/2014
4,000,000 options exercisable at 1.5x VWAP by 31/12/2017

Cash: $0.4m

Directors:
George Sakalidis
Managing Director
Gavin Fletcher
Executive Director
Eric Lim
Non-Executive Director

Company Secretary
Ben Donovan

HIGHLIGHTS

Ragged Rock Project:

- **Sinter testwork on magnetite concentrate has recently completed in China. Results were inline with expectations and will be reported shortly.**
- **Discussions and negotiations have been entered into with several land holders over selected targets to reach an end agreement stemming from positive results from exploration drilling at Target 1.**
- **Ground magnetic surveys are planned in July as a result of mapping and aeromagnetic interpretation. Target 3 and 4 have been identified as having potential for size similar to Target 1.**

Kauring Project:

- **An EIS grant was awarded by the WA State Government and Department of Mines and Petroleum valued at $141,323 for 20 RC and 1 DDH in total, 2150m – to be expended between July 2014 and June 2015.**
- **Weathered banded iron formation (BIF) overlies previously reported fresh BIF – (BIF with a mass yield of 44.8% over 50m of consistent magnetite grade with 66%Fe quality at a coarse 100 micron grind in drill-hole 13KRC4 - the eastern magnetite - quartzite BIF).**
- **Petrology of drill chips from drill-hole 13KRC2 - the western magnetite BIF, confirms a layered peridotite, pyroxenite and gabbro as a footwall. Mineralogy study of rock chips of weathered BIF identifies clean iron bearing minerals with coarse grain size up to 300 microns.**
- **Weathered BIF in drill-hole 13KRC2 also exhibits moderate magnetite recovery (Satmagan) of 11.85% over a 30m continuous zone (35m-65m). This is considered very positive for the overall mass yield expected for a mixed concentrate in the weathered zone. If future test work demonstrates a saleable product can be achieved, this will increase the size of the exploration target already announced for fresh magnetite BIF at the Kauring project and reduce the strip ratio of a future mining operation.**
- **At Kauring and to a lesser degree at Ragged Rock where weathering is thinner, it is expected weathered BIF can be treated in the same process plant as the fresh magnetite BIF which is very favourable for future Capex considerations.**

***** ASX announcement 07 April 2014 and 30 April 2014.

RAGGED ROCK (Magnetic 100%)

The Ragged Rock project area is located south of Northam, Western Australia, close to rail, road and port infrastructure. Refer to Figure 1 for location.

Following very encouraging results from pilot scale tests on composited drill samples reported in the previous quarters, representative samples obtained from the pilot plant trial (Composite1) were despatched to China for sintering testwork. The results were consistent with expectations and will be reported in the near future.

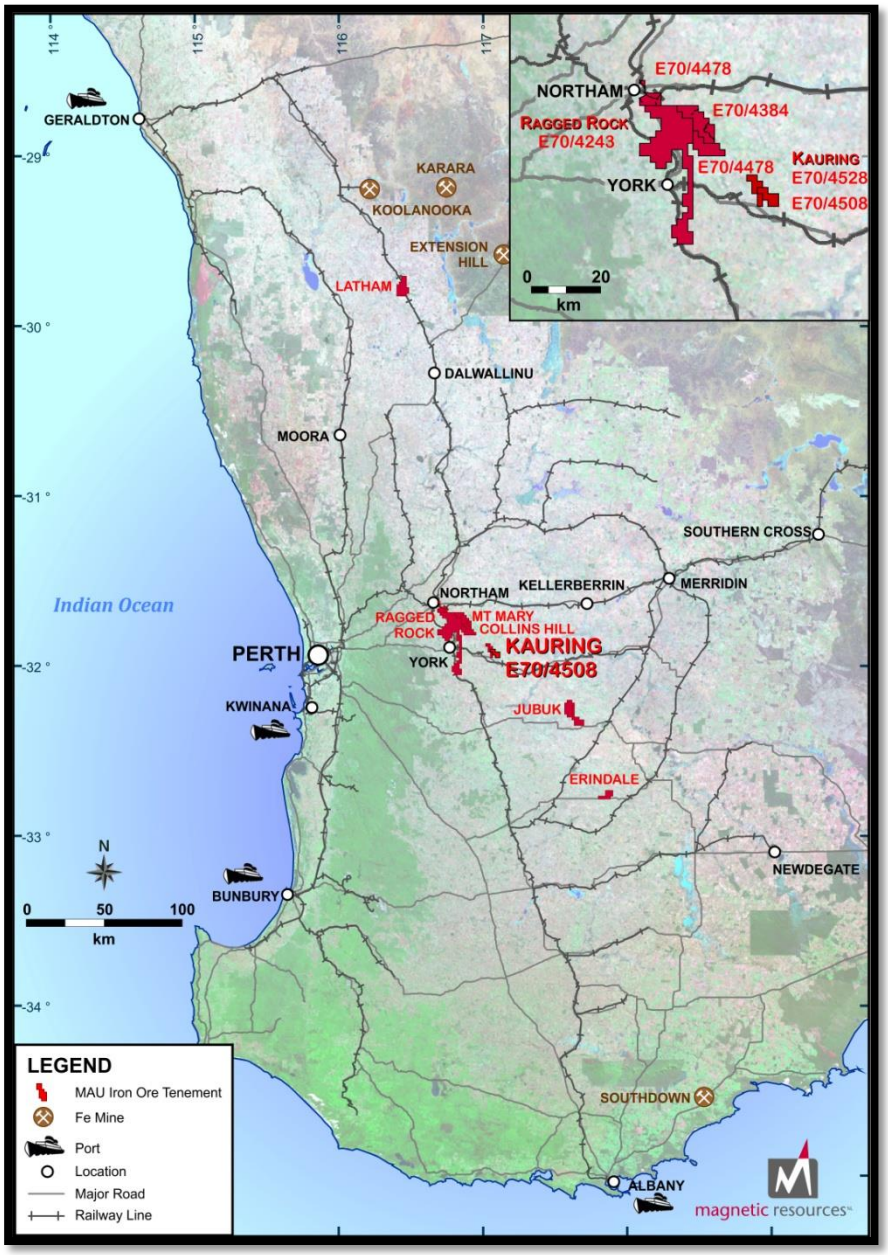

Figure 1
Location Map

Land Owner Discussions:

During the quarter the Company embarked on field visits to review other target areas. From mapping and geophysical interpretation two additional areas Targets 3 and 4 have been outlined for attention (Fig 2). In order to facilitate exploration further down the track an end agreement is being sought with private land holders to warrant exploration expenditure and provide sovereign rights to mine particularly, where minerals to owner title is encountered.

Future Ground Magnetic Surveying:

Targets 3 and 4 are to be better investigated by implementing ground magnetic surveys at 100m line spacing. This spacing will provide greater resolution in addition to mapped geology, to allow better placement of exploratory drill-holes.

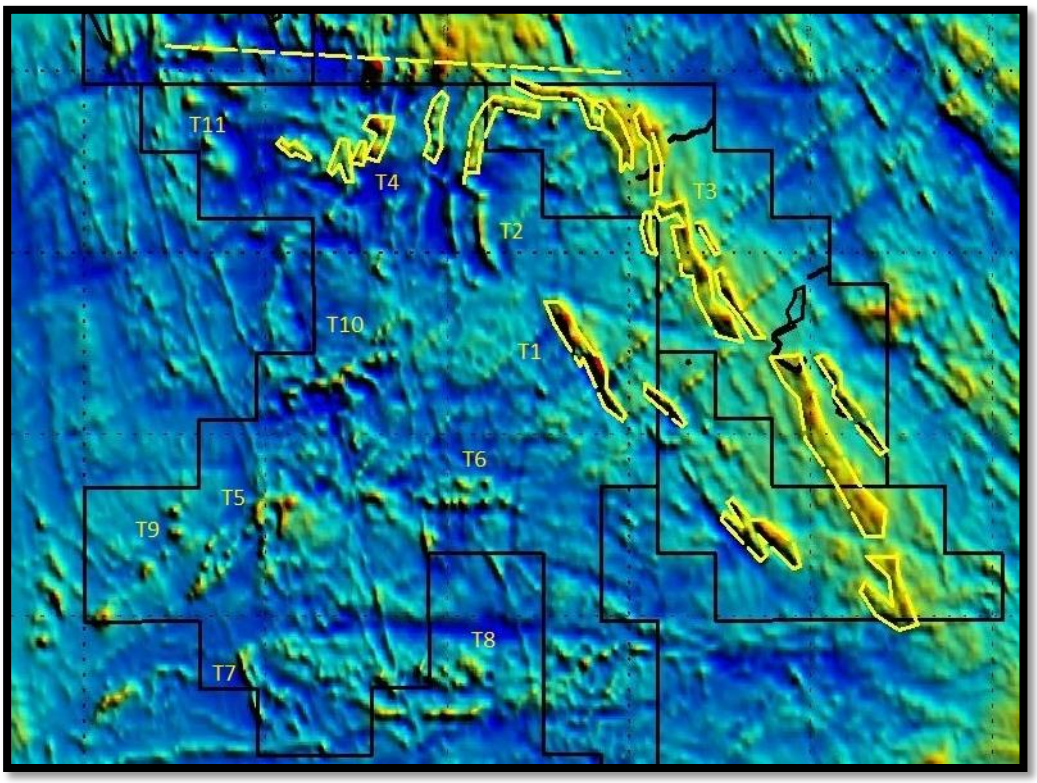

Figure 2
Ragged Rock Aeromagnetic Image Showing Targets

KAURING (Magnetic 100%)

The Kauring Project is located 30 km SE of the Company's Ragged Rock magnetite Project area. Refer Figures 1 and 3.

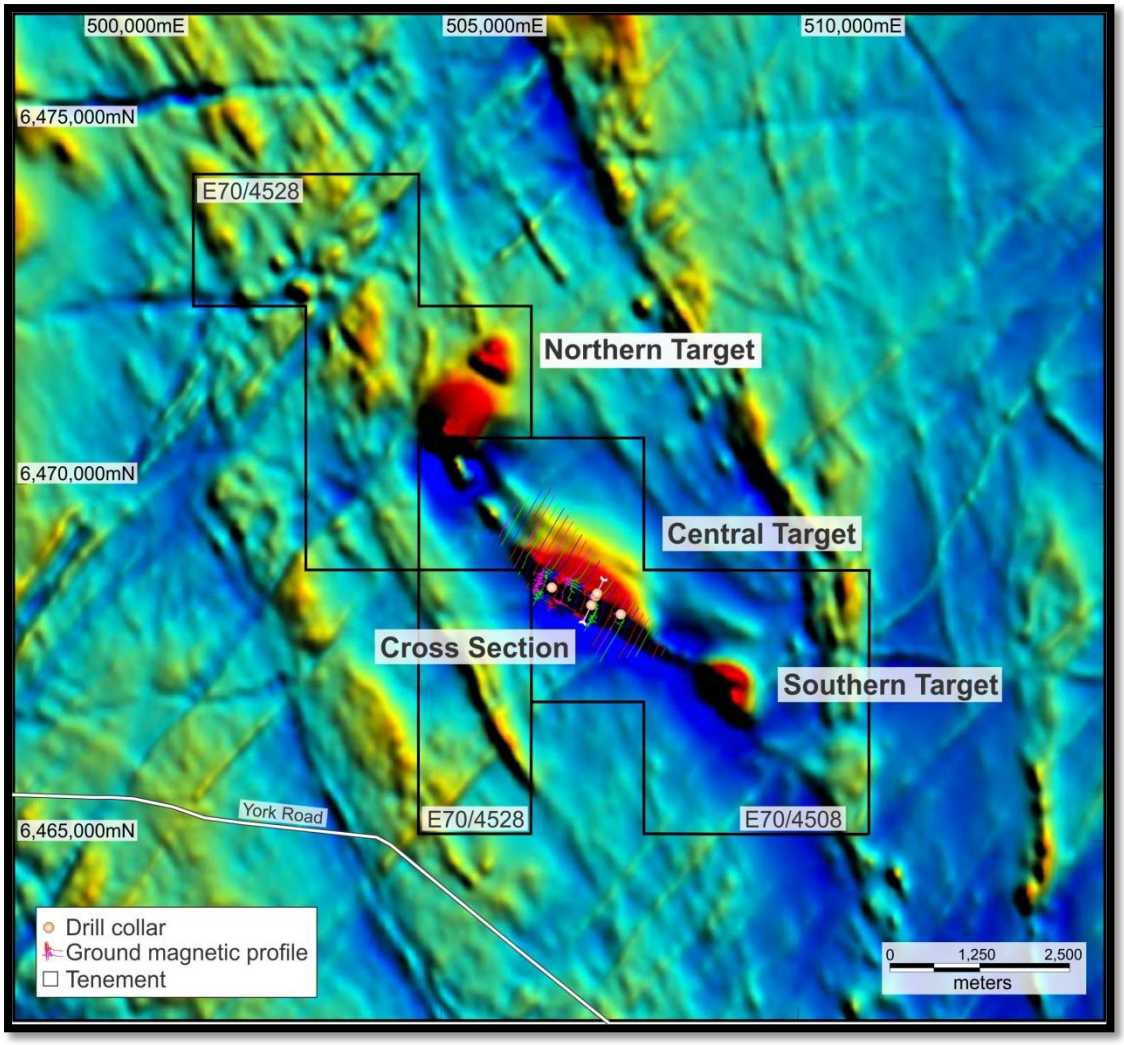

Figure 3
Kauring Aeromagnetic Image Showing Targets and Drilling

EIS Grant Awarded:

An EIS grant awarded in the quarter by the WA State Government and Department of Mines and Petroleum valued at $141,323 for 20 RC and 1 DDH in total, 2150m must be spent between July 2014 and June 2015. This was awarded on the unique geology of the Kauring project where footwall geology in the western BIF (DH 13KRC2) describes a layered succession distinct to the eastern BIF (DH 13KRC4) which has encountered BIF with a mass yield of 44.8% over 50m of consistent magnetite grade from an underlying fresh BIF zone with 66%Fe quality at a coarse 100 micron grind in drill-hole 13KRC4.

The Company would like to thank and acknowledge the State of Western Australia and Department of Mines and Petroleum establishing this opportunity and investment in mining exploration, previously the Royalties for Regions program.

Weathered BIF:

Weathered BIF overlies reported drilled BIF (fresh BIF with a mass yield of 44.8% over 50m of consistent magnetite grade from an underlying fresh BIF zone with 66%Fe quality at a coarse 100 micron grind in drill-hole 13KRC4 (ASX releases 07 April 2014 and 30 April 2014). Refer to Figure 4.

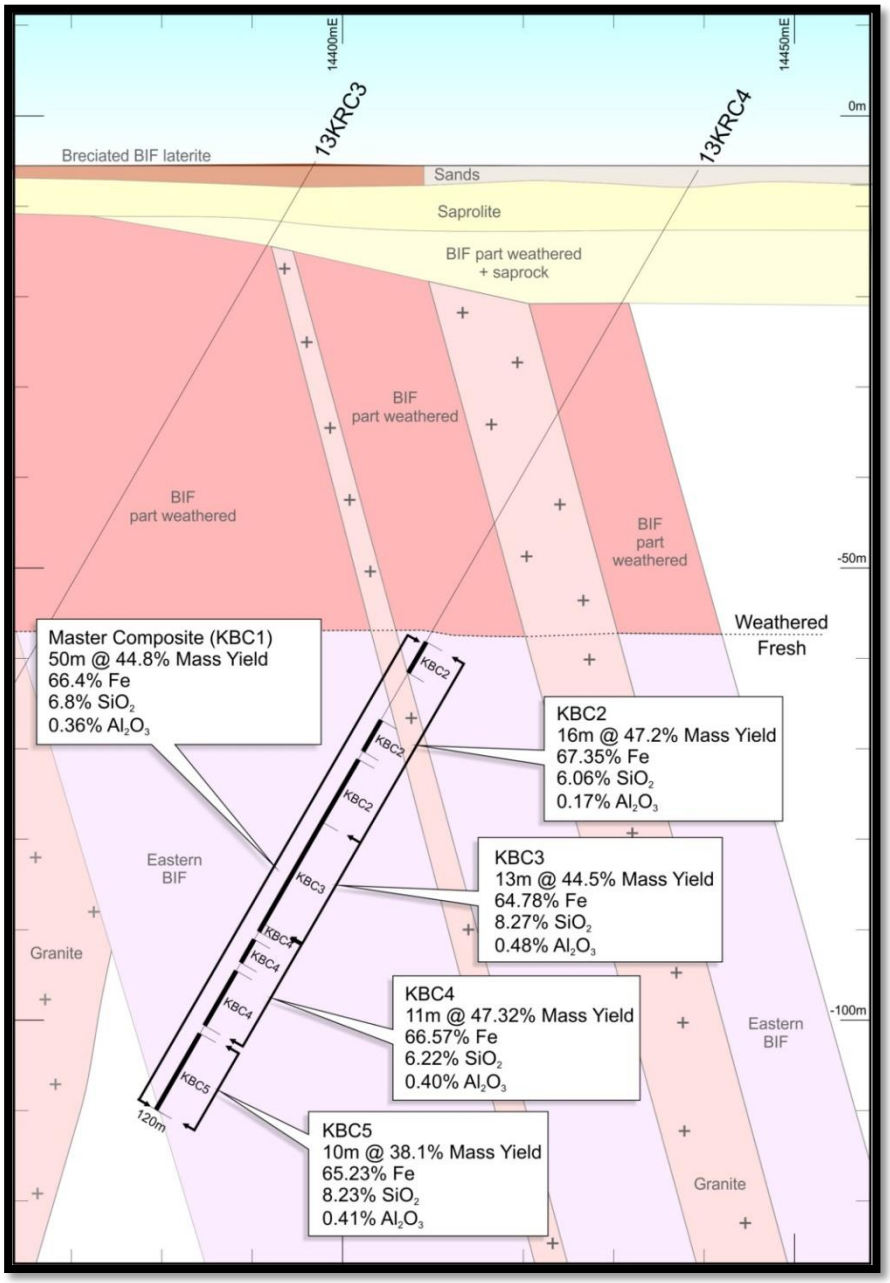

Figure 4
Kauring Project showing DH 13KRC 4 - DTR of fresh BIF with 20% Fe bottom cut off.

Previous announcements (ASX releases 04 and 20 March 2014) focussed on the fresh magnetite BIF encountered in drill-hole 13KRC4 but also discussed the presence of a weathered cap overlying the BIF which was encountered in holes 13KRC2 and 13KRC3. Refer to Figure 5.

Positive results occur from additional laboratory analysis and petrology by mineralogist, Dr Roger Townend and Associates from the weathered BIF zones. Weathered and partially weathered BIF, underlying two geophysical targets at drill hole 13KRC2 (western BIF) and to the east at drill holes 13KRC3 and 13KRC4 (eastern BIF) have been tested by weighted composite samples testing the down-hole geology, previously reported (ASX Release 7 April 2014).

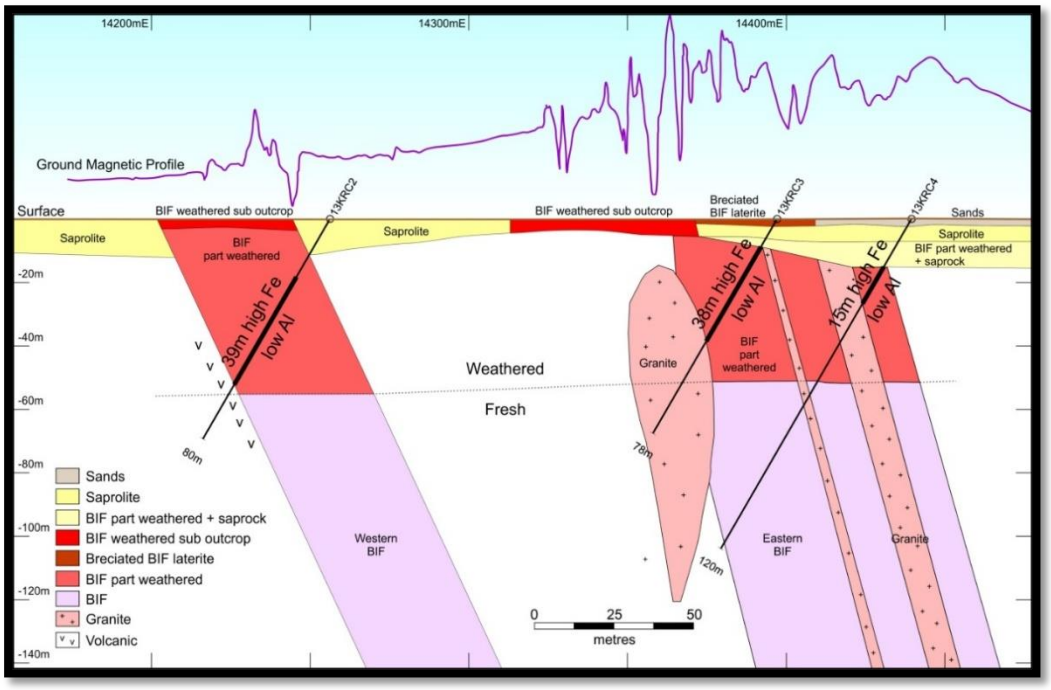

Figure 5
Kauring Project showing DTR DH's 13KRC2-4 with ground magnetic profile and weathered BIF relationship Central Target Section

From petrology conducted by mineralogist, Dr Roger Townend and Associates a weathered BIF system of two principal BIF bodies to date termed the western and eastern BIF has been described in greater detail.

The latest results are very encouraging for a number of reasons:

Petrology of composited down-hole geological drill samples at Kauring has been undertaken on a number of selective weathered BIF from drill holes 13KRC1-5 and describes a variable *in-situ* grain size up to 300 microns which is important to consider for downstream processing to a potential beneficiated product.

Petrology descriptions classify major and accessory hematite, massive hematite, martite, goethite, magnetite found associated with samples of weathered BIF, which is considered positive for further evaluations and realisation for the potential upgrading to a beneficiated coarse grained product.

The iron bearing minerals are generally coarse (50-300 micron) and are clean, discrete grains which is a very positive indicator for the ability to upgrade the product via well

understood processes such as gravity separation or medium intensity magnetic separation (MIMS).

XRF assay results demonstrate a depletion in alumina content down hole associated with the weathered BIF. This is further supported by the minor presence of goethite which is an iron mineral associated with alumina.

Traditionally, the main challenge of making a good quality product from weathered BIF is the challenge of separating high iron, low impurity hematite, from moderate iron, high alumina goethite. The minerals are of similar density, making gravity separation challenging, and display similar magnetic response making MIMS separation somewhat challenging.

The results of this petrology and assay test-work suggest that the weathered BIF encountered at Kauring would generally require the separation of silica (low density, non-magnetic) from the high iron, low impurity minerals of magnetite, hematite and martite (high density, moderate to highly magnetic) which is considered a relatively simple separation and will be explored in future test-work.

Drill-hole 13KRC2 is of particular interest as it demonstrates moderate magnetite recovery (Satmagan 11.85%) over a continuous 30m zone from 35-65m. Given Satmagan measures the amount of pure magnetite in the sample, the recovery from DTR is expected to be higher, as seen in the fresh BIF zone in 13KRC4.

The geological tenor is different between east and west BIF zones and can be observed in the geophysical signature, nonetheless, the initial drilling at 13KRC2 indicates a magnetite rich layered succession as opposed to a quartzite BIF at 13KRC3-4.

Future test-work will investigate low intensity magnetic separation (LIMS) for the recovery of magnetite, followed by MIMS for the recovery of high value martite and hematite. This is a very conventional flow sheet that can be incorporated into a typical magnetite flow sheet at low cost to produce a mixed concentrate, or separate magnetite and hematite/martite concentrate, both of which are readily marketable products.

Petrology and XRF Test Work:

The western BIF (DH13KRC2) demonstrates a partially weathered BIF system with elevated Satmagan between 26-65m (39m) involving magnetite – hematite altered pyroxenite - hornblendite with magnetite – hematite – goethite quartzite alteration. Peridotite, pyroxenite and gabbro are described as a footwall geology representing a layered intrusive system, different to the eastern quartzite – BIF (DH13 KRC3 and13KRC4).

The eastern BIF (DH13KRC3) with a lower Satmagan between 10-48m (38m) is related to altered hematite – goethite quartzite and associated with hematite altered magnetite rich BIF sediments

The eastern BIF (DH13KRC4) intersected fresh BIF down-hole also drilled into weathered magnetite BIF between 16-31m (15m) and represents the upper weathered part of an open ended BIF target further to the east of the intersected fresh BIF.

A weathered and partially weathered BIF zone of 38-39m down-hole width from between 10-50m down-hole exhibits elevated Fe and low Al from assaying of composite samples across drill holes 13KRC2-4. Refer to Figures 5, 6.

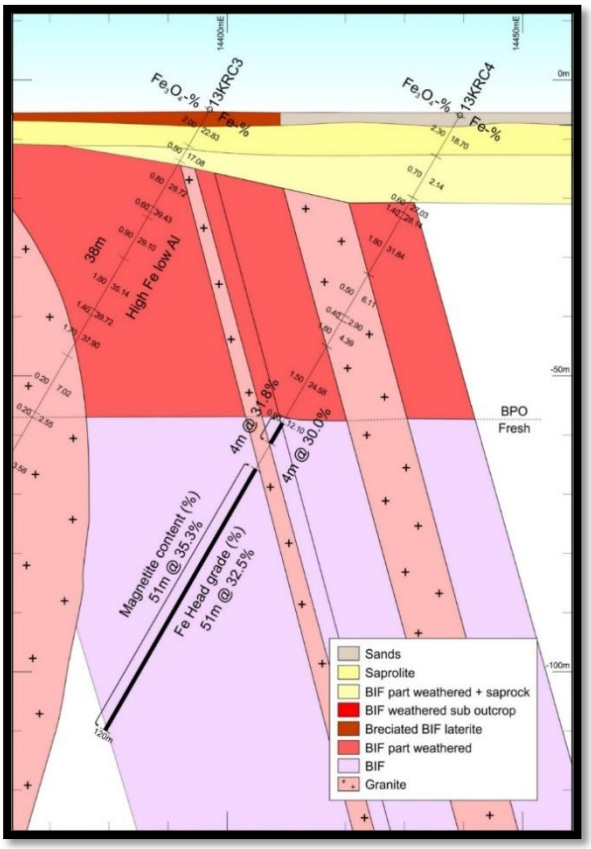

Figure 6
Kauring Project showing DH's 13KRC3-4 with weathered BIF relationship over magnetite at 13KRC4 Central Target Section

Future Considerations:

The upper weathered portion of the two BIF systems comprises mostly of weathered BIF comprising alteration to goethite – hematite – martite – magnetite quartzite BIF.

At this stage the two styles of BIF is not considered to alter the magnetite potential as assay data supports a similar head assay chemistry in both weathered BIF, one drill-hole at 13KRC4 intersecting a coarse grained crystalline quartzite-BIF.

The BIF zone within drill hole 13KRC4 is very consistent in grade and magnetite content which is amenable to a future mining operation. The average magnetite content (as measured by Satmagan) is high with 35% average over 55m of BIF, including zones as high as 58.2% magnetite.

Table 3: Weathered BIF - composite sample and log detail.

Kauring Drill Samples Dec 2013 at Amdel weighted averages down hole															
XRF - MS - Fire Assay - methods Bureau Veritas, Perth WA															
Composit	DH	From	To	Fe3O4	Fe	SiO2	Al2O3	P	S	Cr	Ni	LOI1000	Au1	Pd	Pt
Sample No				%	%	%	%	%	%	%	%	%	ppb	ppb	ppb
KRCC1	13KRC1	0	19	0.40	22.88	43.48	12.57	0.02	0.09	0.03	0.01	8.50	4.00	<5	<5
KRCC2	13KRC1	20	31	0.42	16.26	46.16	12.78	0.05	0.03	0.00	0.01	5.87	<5	<5	<5
KRCC3	13KRC1	31	39	1.50	34.12	46.34	1.90	0.06	0.02	0.00	0.01	2.24	2.00	<5	<5
KRCC4	13KRC1	40	62	0.47	9.04	61.83	12.13	0.03	0.01	0.06	0.02	2.91	<5	<5	<5
KRCC5	13KRC1	62	73	5.70	8.80	44.53	5.43	0.01	0.01	0.57	0.15	6.97	12.00	<5	5.00
KRCC6	13KRC1	73	76	1.00	4.70	59.69	10.39	0.02	0.01	0.18	0.06	3.42	2.00	<5	<5
KRCC7	13KRC1	76	84	4.83	7.24	45.70	5.47	0.02	0.08	0.45	0.13	6.88	<5	<5	<5
KRCC8	13KRC2	0	13	0.30	12.65	53.19	17.66	0.01	0.05	0.19	0.01	7.55	<1	10.00	5.00
KRCC9	13KRC2	13	26	1.54	36.17	29.53	7.61	0.08	0.09	0.09	0.02	9.02	<5	<5	<5
KRCC10	13KRC2	26	35	5.56	35.90	38.17	3.72	0.02	0.01	0.02	0.02	3.76	7.00	<5	<5
KRCC11	13KRC2	35	65	11.85	32.37	42.53	3.72	0.02	0.08	0.01	0.01	0.97	<5	<5	<5
KRCC12	13KRC2	65	72	2.20	20.80	48.38	10.40	0.03	0.48	0.03	0.01	1.01	2.00	5.00	10.00
KRCC13	13KRC2	72	79	0.40	12.50	49.36	13.84	0.16	0.46	0.02	0.01	2.16	1.00	5.00	10.00
KRCC14	13KRC3	0	7	2.00	22.83	45.03	13.13	0.02	0.06	0.06	0.00	7.36	2.00	<5	<5
KRCC15	13KRC3	7	10	0.50	17.08	54.79	11.49	0.01	0.05	0.03	0.00	8.16	1.00	<5	<5
KRCC16	13KRC3	10	21	0.79	29.35	48.86	5.11	0.01	0.03	0.01	0.00	3.65	<5	<5	<5
KRCC17	13KRC3	21	29	0.90	29.10	51.05	3.67	0.01	0.03	0.01	0.00	2.90	3.00	<5	<5
KRCC18	13KRC3	29	39	1.80	35.14	47.18	0.84	0.00	0.01	0.00	0.00	1.21	<1	<5	<5
KRCC19	13KRC3	40	48	1.67	38.10	40.92	1.46	0.01	0.05	0.00	0.00	2.91	<5	<5	<5
KRCC20	13KRC3	48	77	2.21	5.54	68.65	13.23	0.02	0.08	0.00	0.00	1.73	<5	<5	<5
KRCC21	13KRC4	0	8	2.30	18.70	54.86	12.01	0.01	0.03	0.09	0.00	5.06	1.00	<5	<5
KRCC22	13KRC4	8	16	0.70	2.14	83.20	9.07	0.00	0.01	0.01	0.00	3.52	<1	<5	<5
KRCC23	13KRC4	16	31	1.68	34.19	46.74	0.93	0.02	0.01	#VALUE!	0.00	3.08	<5	<5	<5
KRCC24	13KRC4	31	45	0.50	6.11	68.41	14.50	0.02	0.01	<0.001	0.00	4.61	1.00	<5	<5
KRCC25	13KRC4	45	59	1.50	24.58	55.93	3.99	0.04	0.01	<0.001	0.00	2.25	2.00	<5	<5
KRCC26	13KRC4	64	69	1.30	3.01	72.62	12.84	0.02	0.02	0.00	0.00	0.81	1.00	<5	<5
KRCC27	13KRC5	0	24	0.94	20.86	47.97	12.64	0.01	0.08	0.04	0.01	8.07	<5	<5	<5
KRCC28	13KRC5	24	27	0.30	15.52	49.88	15.86	0.02	0.03	0.04	0.01	7.79	4.00	10.00	10.00
KRCC29	13KRC5	27	33	7.85	36.53	37.24	3.39	0.02	0.20	0.01	0.02	4.19	<5	<5	<5
KRCC30	13KRC5	33	38	0.30	11.09	59.00	10.06	0.01	0.01	0.09	0.04	4.82	4.00	5.00	5.00
KRCC31	13KRC5	38	45	0.65	15.43	55.45	10.58	0.02	0.01	0.04	0.03	4.58	<5	<5	<5
KRCC32	13KRC5	45	54	0.20	8.10	64.04	12.77	0.02	0.01	0.05	0.02	3.36	5.00	5.00	5.00
KRCC33	13KRC5	54	61	0.65	24.13	44.67	8.02	0.04	0.01	0.02	0.01	5.12	<5	<5	<5
KRCC34	13KRC5	61	69	0.30	17.35	52.62	10.71	0.03	0.03	0.02	0.02	3.45	7.00	<5	5.00
KRCC35	13KRC5	69	71	0.60	27.70	45.74	4.29	0.05	0.44	0.01	0.01	4.49	14.00	<5	<5
KRCC36	13KRC5	71	84	0.43	9.94	62.82	10.88	0.02	0.03	0.02	0.01	2.62	<5	<5	<5

Table 4: Petrology detail summarised.

Composite	DH	From	To	Sample No	Petrology	Satmagan	XRF Fe
Sample No						Fe3O4 %	%
KRCC1	13KRC1	0	19	1001 to 1019	Rock Powder- Goethite	0.40	22.88
KRCC3	13KRC1	31	39	1033 to 1040	Hematite Quartzite 50-100u	1.50	34.12
KRCC10	13KRC2	26	35	1118 to 1121	Hematite Orthopyroxenite 50-300u	5.56	35.90
					Magnetite-Hematite-Quartzite 50-300u		
					Qtz Hematite Goethite 10-20% 20-100u		
					Goethite coarsely fragmented		
KRCC11	13KRC2	35	65	1128 to 1131	Hematite pyroxenite 100u	11.85	32.37
					Magnetite Pyroxenite 50u 3%TiO2 in magnetite		
					Banded Magnetite Quartzite 100u		
					Magnetite Hematite Pyribole 50-100u martite		
					Magnetite Hornblende Ortho Pyroxenite 50u trace pyrrhotite		
					Hematite bearing Quartzite <50u 10% Hematite		
KRCC14	13KRC3	0	7	1179 to 1185	Siliceous laterite leucoxene grains to 50u	2.00	22.83
					Goethite cemented quartzite with hematite-maghemite concretions 100u		
KRCC16	13KRC3	10	21	1189 to 1197	Hematite goethite quartzite 100u martite	0.79	29.35
					Quartz goethite hematite 50-100u martite		
					Quartz goethite		
					Massive hematite 100-300u		
KRCC17	13KRC3	21	29	1200 to 1207	Hematite quartzite 50-150u	0.90	29.10
KRCC18	13KRC3	29	39	1209 to 1218	Goethite hematite quartzite	1.80	35.14
KRCC19	13KRC3	40	48	1220 to 1227	Magnetite hematite goethite veined quartzite 100u	1.67	38.10
					Quartz hematite goethite 100u		
KRCC21	13KRC4	0	8	1263 to 1270	Goethite quartzite 20-50u	2.30	18.70
					Clay bearing Goethite hematite concretion + 5% Ti oxides		
KRCC23	13KRC4	16	31	1279 to 1281	Part oxidised magnetite quartzite BIF 50-150u	1.68	34.19
					Part oxidised magnetite quartzite BIF 50-150u		
					Part oxidised magnetite quartzite BIF 50-150u		

Future Work:

A Program of Works for additional drill holes already exists and a recent EIS grant will require further POW to be submitted. Ground magnetic surveys will continue.

JUBUK (Magnetic 100%)

Application for retention and extension status has been made for the Jubuk coarse grained magnetite deposit near Corrigin. This will allow Magnetic to focus on evaluating its Ragged Rock and Kauring projects.

OTHER TENEMENTS

Magnetic has rationalised its tenement holdings in order to focus on its Ragged Rock and Kauring projects. As a result of this focus, no exploration was carried out on Magnetic's other tenements during the quarter.

CORPORATE

The latest Investor presentation was released on 30/5/2014 and can be viewed at www.magres.com.au

TENEMENT SCHEDULE

Tenement Schedule in accordance with ASX Listing Rule 5.3.3
Tenements held at the end of the Quarter

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E70/3536	Granted	JUBUK	100%	100%
WA	E70/3716	Granted	LOMOS	100%	100%
WA	E70/4243	Granted	RAGGED ROCK	100%	100%
WA	E70/4384	Granted	MT MARY	100%	100%
WA	E70/4478	Granted	COLLINS HILL	100%	100%
WA	E70/4508	Granted	KAURING	100%	100%
WA	E70/4528	Granted	KAURING	100%	100%
WA	E70/4598	Application	LATHAM ROCK	-	100% pending grant
WA	E77/2035	Granted	LAKE SEABROOK	Gold Rights Only	Gold Rights Only
Mining Tenements acquired during the Quarter					
WA	nil				
Mining Tenements disposed during the Quarter					
WA	nil				

Competent Person's Statement

The information in this report that relates to Exploration Results is based on information compiled or reviewed by George Sakalidis BSc (Hons), a Competent Person who is a Member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a director of Magnetic Resources NL. George Sakalidis has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code of Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion in this report of the matters based on his information in the form and context in which it appears.

About Magnetite

Magnetite is a major source of iron and accounts for about 30% of global iron furnace feed for steel production. The largest producer of iron ore and iron is China and its main iron ore source is magnetite. North America is the sixth largest producer and is also mostly a magnetite producer.

Magnetite (Fe_3O_4) is a magnetic mineral, an important property in aiding discovery using magnetic surveys and in ore processing. Ore can be crushed, passed over a magnet and the magnetite extracted to produce a clean, high grade iron product.

Magnetite ore grades are usually lower than commercially exploited hematite ores but after processing, a product with much higher iron grades and much lower costly impurities is derived.

JORC Code, 2012 Edition – Table 1 report template	
Section 1 Sampling Techniques and Data	
(Criteria in this section apply to all succeeding sections	**Magnetic Resources Kauring Report Release 19 December 2013 update with Magnetic Resources Kauring Report Release 19 February 2014 update with Magnetic Resources Kauring Report Release 04 & 20 March 2014 update with Magnetic Resources Kauring Report Release 07 April 2014**
Sampling techniques	Reverse Circulation Drilling collected at 1m interval and sub sample split through a cyclone rotary splitter
	Duplicates taken using a 75:25 riffle splitter at every 20m and standards introduced at every 30m
	Susceptibility readings taken at each 1m from larger sample collected using a Georadus K10 magnetic susceptibility meter x10-3SI
	Hand held Delta Dynamic XRF Model DP-4000-C Serial No 510246 used to test every 5-7 metres of collected sample for early recognition of Fe content. Error 5-10%Fe to assay expected.
Drilling techniques	Reverse Circulation Drill Rig owned by Orbit Drilling Pty Ltd Hydco 350 using a 140mm drill bit, pre-collar to 6m
Drill sample recovery	Visual observation and noted where water occurs - water was minimal and 99% of sample recovery water free
	Orbit Drilling ensures the efficiency is acceptable and audit of machine efficiency through Duplicates
	It is assumed minimal bias to sample recovery and grade and if so expect at the 1m interface between geological horizons bias to occur backed up where susceptibility and duplicates are a measure of down hole consistency. Duplicate results indicate in a number of samples that future improved recovery at the rig is required, but as this is an exploratory drill program results are deemed acceptable at this initial level, but would need to improve QA/QC consistency for JORC purposes at MR level when testing the weathered horizon in particular.
Logging	Logging at 1m intervals to assess the geological interpretation
	RC sampling at 1m interval is quantitative using Hand Held XRF and will become qualitative after assaying is carried out. Assay results previously reported in ASX release February 2014 and March 2014 are firm data.
	Total length of intersections logged 446 metres as 100% of the drilling
Sub-sampling techniques and sample preparation	RC sampling at 1m interval is quantitative using Hand Held XRF and became qualitative after assaying data released in March 2014. Refer to part release of assay results in ASX release February 2014 and composite samples 04 & 20 March 2014.
	Rotary Split at rig at 1m intervals into Calico for 0.5-2.0kg sub samples and riffle split at 75:25 for duplicates >3Kg
	Dry samples into calico bags for assay vary with size of collected sample between 0.5-2.0kg weight - expect the sample to be homogenous over the 1m collected
	Cyclone cleaned regularly at every 5m to prevent cross contamination or cleansed more if clayey or damp conditions prevailed however minimal <10%
	Duplicate at every 20m to measure continuity of the drill rig and sample recovery. Duplicate results indicate in a number of samples that future improved recovery at the rig is required, but as this is an exploratory drill program results are deemed acceptable at this initial level, but would need to improve QA/QC consistency for JORC purposes at MR level when testing the weathered horizon in particular.
	Grain size mostly fine powdery in weathered zone and fresh zone
Quality of assay data	Total digest and XRF methods employed for Fe suite elements when assaying to be employed. Hand Held XRF used as quantitative tool not qualitative

and laboratory tests	
	Hand held XRF self-calibrating specific for Fe and limited to testing a portion of the calico sub sample. Susceptibility readings an average reading across a 1m sample not all the sample able to be read. Hand held XRF tested against known standards to determine any start, middle and end bias. So far accuracy extremely good for Fe% and within tolerable ranges of 2S for Al, P, S.
	Quality control methods using 3 x Geostats CRM standards and duplicates. Duplicates to be tested at 2 laboratories for umpire testing in later rounds of drilling. No blanks used. Internal checks and standards satisfy control of lab methods Fire Assay Fe suite XRF / ICP /MS methods by certified laboratory Bureau Veritas
Verification of sampling and assaying	At this juncture no independent verification of geology apart from personnel involved in recovery of samples and log chip tray observation by third parties
	No twinned holes to date
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols carried out
	Discuss any adjustment to assay data not carried out. Weighted assays for composite samples.
Location of data points	No surveys or verification of drill holes apart from GPS located
	GPS grid system to date
	GPS topographic control and located data from GSWA airborne survey
Data spacing and distribution	Data spacing for reporting of Exploration Results and Exploration Target are conceptual and not relevant at this juncture leading to a MR which may or may not be determined.
	Data spacing not appropriate for Mineral Resource use at present requires further drilling to ascertain a MR.
	Sample compositing so far has been applied to parts of the drill column (February and March 2014 data to ASX) and at 1m spacing for duplicates, standards and zones of BIF of interest such as fresh BIF.
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type undetermined at present. Further drilling will assist in determining any bias.
	Mineralised structures and sample bias - too early to understand this affect
Sample security	Samples personally delivered to the laboratory and also stored on site for repeat sampling if necessary
Audits or reviews	No sample audits at this stage apart from duplicate and standards taken.
Section 2 Reporting of Exploration Results	
(Criteria listed in the preceding section also apply to this section.)	
Criteria	JORC Code explanation
Mineral tenement and land tenure	E70/4508 granted 100% to Magnetic Resources no third party arrangement apart from standard Department of Mines and Energy requirement access agreements with farm owners, no Native Title or extricated land apart from the Avon Valley water catchment.

status	Land ownership is private used as farm land. Future end agreements will have to be entered into with farmers and discussions begun with a select few.
	The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area is subject to a Program of Work approval by DMP and granted for reconnaissance drill holes. Remnant bush may require a DEC survey in the future for flora and fauna. Minerals to Owner title exists requiring agreements separate to DMP requirement.
Exploration done by other parties	No search for Fe by other parties known.
Geology	Outcropping Banded Iron Formation (BIF) comprising weathered BIF and fresher BIF at depth within a gneissic strati-form layered succession steeply dipping NE including orthopyroxenite – hornblendite in western BIF that differs from the eastern BIF which is a quartzite BIF. Weathered BIF is partial weathered to goethite, hematite, martite after magnetite. Minor sulphide noticed in volcanics and testing to see if sulphide in fresh BIF in the eastern BIF can be separated by DTR analysis. Work is ongoing with regard to understanding the relationship of weathered (hematite and martite) alteration over magnetite BIF. Layered peridotite/pyroxenite/gabbro footwall to western BIF supports an EIS grant of $141,323 for 20xRC and 1xDDH.
Drill hole Information	Data summary forms part of an ASX release dated 19 December 2013 and 19 February 2014 and ASX quarterly reports for December 2013, March 2014.
	o easting and northing of the drill hole collar provided
	o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar estimated not outlined
	o dip and azimuth of the hole provided
	o down hole length and interception depth provided
	o hole length provided
	azimuths are not submitted until further accurate data can be submitted but not critical at such an early stage of reporting of ER or ET
Data aggregation methods	The use of Hand Held XRF data taken at 5-7m intervals is purely quantitative with expected errors of <1%Fe against known standards and Si / Al not reported until assay data is available and further reported
	Susceptibility readings taken at each 1m from larger sample collected using a Georadus K10 magnetic susceptibility meter x10-3SI vary across a wide and reported only an average until assay results are posted which will project a better understanding of the Fe% and susceptibility measured at 1m intervals or as composited samples that are yet to be determined.
	The assumptions used for any reporting of metal equivalent values should be clearly stated not undertaken or represented.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results as outlined in the ASX release dated about 19 December 2013 by MAU. Fresh BIF sampled at 1m intervals whilst weathered BIF sampled at various composite levels of several metres results on composites released in March 2014. Incompatible elements in head grade by XRF on fresh BIF further determined using Davis Tube Recovery to see if they are removed results now issued in March 2014. Sulphur was an element that showed normal and above normal levels down-hole but considered to be workable in context of the very low Al, P incompatible elements and high Fe% at a coarse grind at 100 micron. Petrology work on parts of weathered BIF carried out, results given in March 2014.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported and is outlined in Figures 3 and 4 interpretation (March 2014 Quarterly Report release).
	If it is not known and only the down-hole lengths are reported, there should be a clear statement to this effect (e.g. ‘down hole length, true width not known’) reported prior.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included are reported in Figures 3, 4 and Tables 1-6 (March 2014 Quarterly Report

	release).
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable – prior reported and as detailed in Notes to the Exploration Target in December 2013, February 2014 and March 2014 ASX releases.
Other substantive exploration data	Little exploration data know about the physical - chemical nature of the reported logged drill intercepts at this point. Metallurgy will be an increasing determination. We know that a BIF sequence of rocks with 2 zones of BIF a western and eastern zone as reported up to March 2014. Overburden of 50m of weathered BIF reported.
Further work	Further work will require broader ground magnetic survey, infill ground magnetics, further drilling to improve the geological model being reported.
	Figure 2 outlines the three target areas reporting on the Central target and is subject to further access agreements over the north and south targets and future negotiations with farmers to determine a JORC MR.