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June 2014 Quarterly Activities Report

Highlights:

- **Completion of the DMP Annual Environmental Inspection of the Kirkalocka project site.**
- **Wydgee Hills Iron Project Geological activities.**
- **Jumbulyer JV works.**
- **Completion of an independent review of geological exploration potential of the Company's tenement portfolio.**

The Directors of Mount Magnet South NL ("the Company") provide the Company's June 2014 Quarterly Activities Report.

Kirkalocka Gold Project (KGP)

Activities at the KGP during the June 2014 quarter focussed on:

- Maintaining the KGP asset and ensuring compliance with all licence and regulatory requirements whilst minimising expenditure where appropriate.
- Initiation of an R&D program for the minimisation of dust generation from the Kirkalocka Tailings Storage Facility (TSF).
- Completion of Department of Mines and Petroleum (DMP) Annual Environmental inspection.

Wydgee Hills Iron Project (WHIP)

Geological field work has been initiated along the Wydgee Hills / Amazon Iron Ore trend with a plan to generate detailed topographic data and to further research the palaeochannel morphology in the area. In addition, detailed structural mapping has commenced in the area, with information being

sourced from the previous outcrop mapping together with remote sensing imaging, including aeromagnetics and Aster imagery. This work is focussed to assist in the interpretation of buried Channel Iron Deposits as well as determining the potential strike length, width and tonnage of haematitic horizons as previously identified in the Wydgee Hills area.

The Company will review data generated from this field work and assess potential third party interest in the Wydgee Hills Iron project.

Jumbulyer Joint Venture [Australian Mines Limited (ASX: AUZ) sole funding exploration to earn an initial 60% interest]

A surface moving loop transient electromagnetic (MLTEM) survey was conducted by Outer Rim Exploration (ORE) on behalf of the Company's farm-in and joint venture partner Australian Mines Limited (AUZ) at the Foothills Prospect in April 2014. AUZ reported that the purpose of the survey was to identify potential conductors that may be the response of sulphide mineralisation from known near surface copper oxide occurrences in the area.

The MLTEM survey successfully identified a weak bedrock conductor located at the approximate intersection of the Big Head Fault and the Foothills Shear, approximately 150m southwest of known surface copper oxide mineralisation. The conductor has been modelled and AUZ subsequently commissioned a small drill program for follow up exploration as well as a down hole electromagnetic survey, the results of which are pending.

Completion of an independent review of geological exploration potential of the Company's tenement portfolio

An independent geological review of the exploration potential of the Kirkalocka and surrounding tenements was commissioned by the Board during the quarter. The outcome of this review was to provide a focus for the Company of the key tenements and locations within these tenements of geological interest, with the ultimate aim of being able to add to the inventory of mineral resources at the Kirkalocka Gold Project, in particular higher grade ore.

The review identified three key areas in which the Company is recommended to focus its future exploration activities in search for higher grade gold deposits to support the Kirkalocka gold project. These areas are identified as follows:

- Curara Well Shear – north of the current resource the shear zone is identified as undergoing a change in strike direction. This area is seen as having the potential to host additional plunging shoots similar to the high grade shoots identified in the Kirkalocka resource.
- Jiljinny – Colombo trend. This area is relatively under explored and contains a number of structural targets which have been under-drilled.
- Nalbara Prospect is an area that has been under-drilled due to the depth of cover and deep weathering. This area has produced some higher grade gold intercepts but the depth of these results leaves this as a third priority target.

A review of the Company's tenement holdings within the area is currently underway along with the development of a focused geological mapping and preliminary exploration program of the areas of interest identified in the independent review.

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The information in this report that relates to the Wydgee Hills Iron Project was first reported by the Company in compliance with JORC 2012 in a market release dated 7 November 2013. The Company confirms that it is not aware of any new information or data that materially affects the information included in the market announcement dated 7 November 2013.

The information in this report that relates to exploration results at the Jumbulyer Copper and Gold Project has been provided by the farm-in and joint venture partner, Australian Mines Limited and has been the subject of market disclosure by that company during the quarter (refer to Australian Mines Limited's announcement dated 19 May 2014).

Mining Tenements held at 30 June 2014

All tenements are in the Mt Magnet region of Western Australia

Location	Tenement ID	Note	Location	Tenement ID	Note
Kirkalocka	P 59/1960		Jumbulyer	P 58/1288 [!]	2
Jumbulyer	P58/1607		Jumbulyer	P 58/1285 [#]	2
Jumbulyer	P58/1606		Jumbulyer	P 58/1281	2
Jumbulyer	P58/1605		Kirkalocka	M 59/261	
Jumbulyer West	P 58/1604	2	Kirkalocka	M 59/234	
Jumbulyer West	P 58/1603	2	Kirkalocka	M 59/233	
Jumbulyer West	P 58/1602	2	Kirkalocka	M 59/232	
Jumbulyer West	P 58/1601	2	Jumbulyer	M 58/336	2
Jumbulyer West	P 58/1600	2	Jumbulyer	M 58/214	2
Jumbulyer West	P 58/1599	2	Jumbulyer	M 58/183	2
Jumbulyer	P 58/1598	2	Jumbulyer	M 58/61	2
Jumbulyer	P 58/1597	2	Kirkalocka	L 59/127	
Jumbulyer	P 58/1596	2	Kirkalocka	E 59/1962	
Jumbulyer	P 58/1595	2	Kirkalocka	E 59/1960	
Jumbulyer	P 58/1594	2	Jumbulyer	E 59/1933	2
Jumbulyer	P 58/1593	2	Kirkalocka	E 59/1881	
Jumbulyer	P 58/1592	2	Kirkalocka	E 59/1778	
Jumbulyer	P 58/1591	2	Kirkalocka	E 59/1776	
Jumbulyer	P 58/1590	2	Kirkalocka	E 59/1775	
Jumbulyer	P 58/1503	2	Kirkalocka	E 59/1555	
Mount Magnet	P 58/1351	2	Kirkalocka	E 59/1361	1
Jumbulyer	P 58/1349	2	Kirkalocka	E 59/1343	
Jumbulyer	P 58/1348	2	Kirkalocka	E 59/1342	
Mount Magnet	P 58/1346	2	Kirkalocka	E 59/1250	
Mount Magnet	P 58/1326 [*]	2	Jumbulyer	E 58/441	2
Mount Magnet	E 58/285	2			

Notes

*. P58/1326 currently being converted to P58/1621

!. P58/1288 currently being converted to P58/1651

#. P58/1285 currently being converted to P58/1623

1. Five (5) year extension of term on Exploration licence E59/1361

2. These tenements are the subject of the Farm-In & Joint Venture Agreement with Australian Mines Limited (AUZ), which was entered into during the March 2014 quarter.

Changes during the Quarter

Tenement Holdings - E59/1491 was relinquished

Farm-in, Farm-out and JV agreements – No changes