



magnetic resources^{NL}

February 2017

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COMPETENT PERSON'S STATEMENT

Information in this report that relates to Exploration is based on information reviewed or compiled by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a director of Magnetic Resources NL.

He 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 for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.

Company Overview

Magnetic is listed on the Australian Stock Exchange (ASX Code: MAU).

Capital Structure	ASX:MAU
Shares on issue	141,538,659
Options and contributing shares on issue	37,326,005
Fully diluted shares on issue	178,864,664
Current share price	\$0.08
Market capitalisation	\$11.3m

Experienced Board	Position Held
George Sakalidis	Executive Director
Eric Lim	Non-Executive Chairman
Julien Sanderson	Non-Executive Director
Ben Donovan	Company Secretary

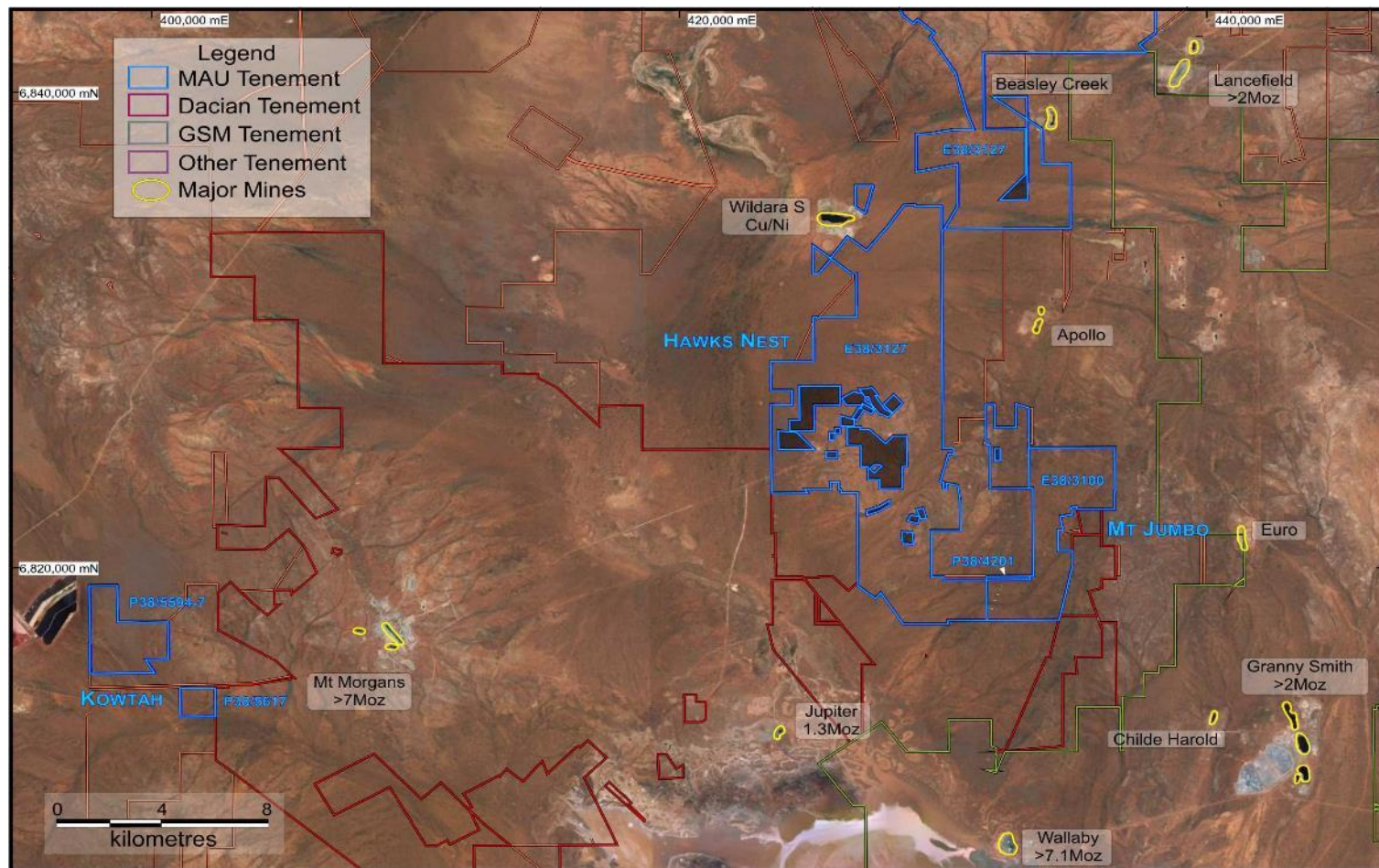
- ❑ 10 new gold projects. Two of these projects are within 20km of the 7Moz Wallaby deposit within the Laverton field WA. One of the largest land holders with 375 sq.km.
- ❑ Two well defined gold rich shear zones Mt Jumbo (>1.3km) and Marabou (2.3km) and at least 12 intrusive Jupiter style Targets.
- ❑ .630km of ground magnetics completed to date has defined at least 10 prospects
- ❑ New I.P. chargeability anomalies have been defined over five prospects HN3-HN7 mainly associated with historical gold pits, existing gold intersections, structures and shear zones.

Leonora-Laverton Gold Projects Background

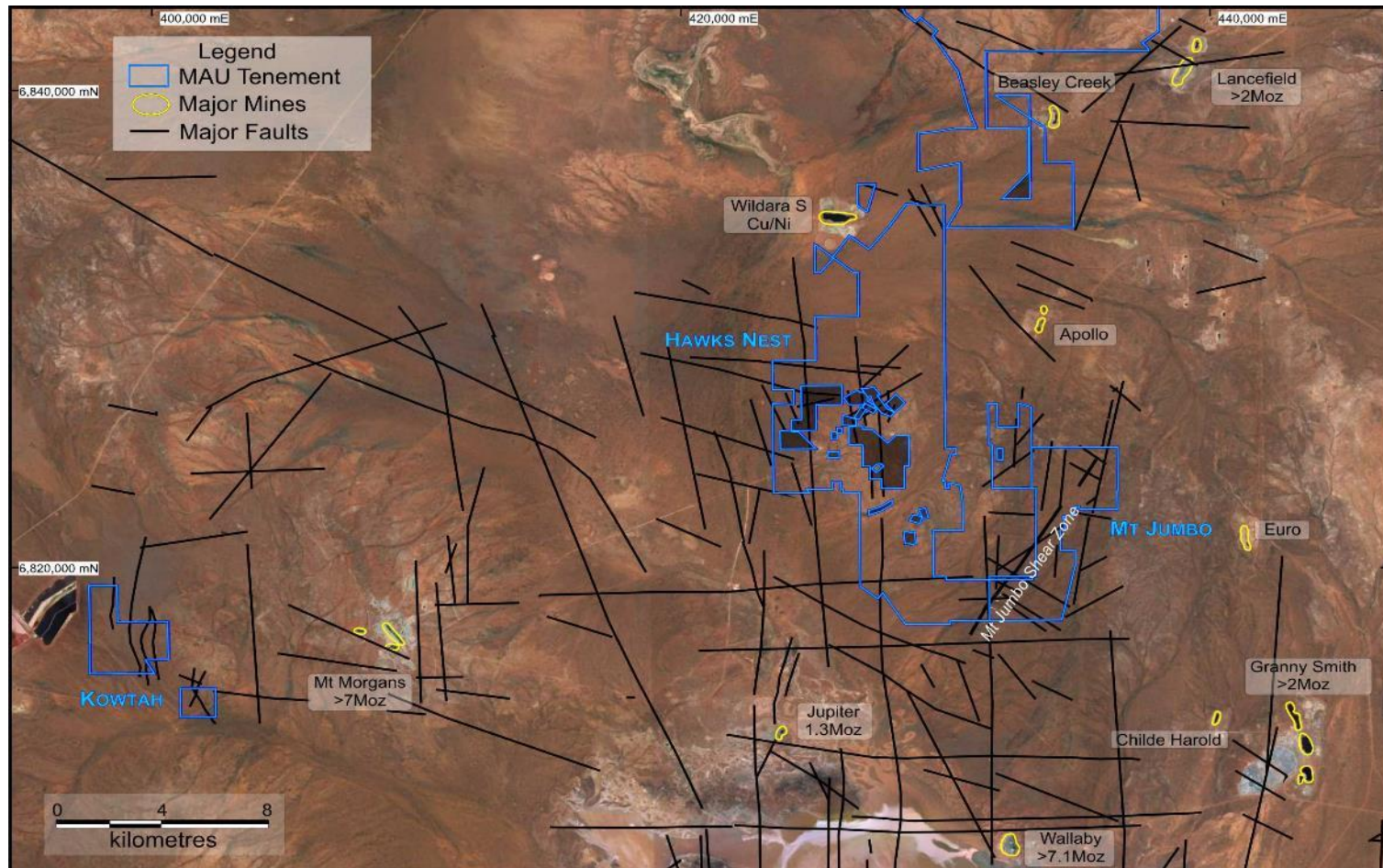
Background

- ❑ The Leonora-Laverton district is well endowed with large world class gold deposits having over 34Moz (mined plus resources), second to the Kalgoorlie region in WA. The company has 198 sq. km in the Laverton region and 177 sq. km in the Leonora Region.
- ❑ A regional aeromagnetic study by the Company has so far identified a total of 10 project areas totaling 375 sq. km that have the potential to host large scale deposits. These tenements are within 5-40km of existing gold operations, opening the possibility for toll treating.
- ❑ The objective of Magnetic Resources' gold exploration program is to identify large gold deposits of 1Moz or greater utilising the geological and geophysical characteristics of the known surrounding deposits.
- ❑ The company already has two well defined gold mineralised shear zones called Marabou (2.3km) and Mt Jumbo (>1.3km) and 12 intrusive style Wallaby pipe like targets.
- ❑ A number of very large deposits are present including **Wallaby** (>7.1Moz mined plus resource), **Sunrise Dam** (>10Moz mined), **Granny Smith** (>2Moz mined), **Gwalia** (7.3Moz mined plus resource), **Westralia** (2.4Moz mined plus resource) and **Jupiter** (1.3Moz mined resource). The **Mt Jumbo** and **Hawks Nest** tenements are only 10km north of the Wallaby deposit.

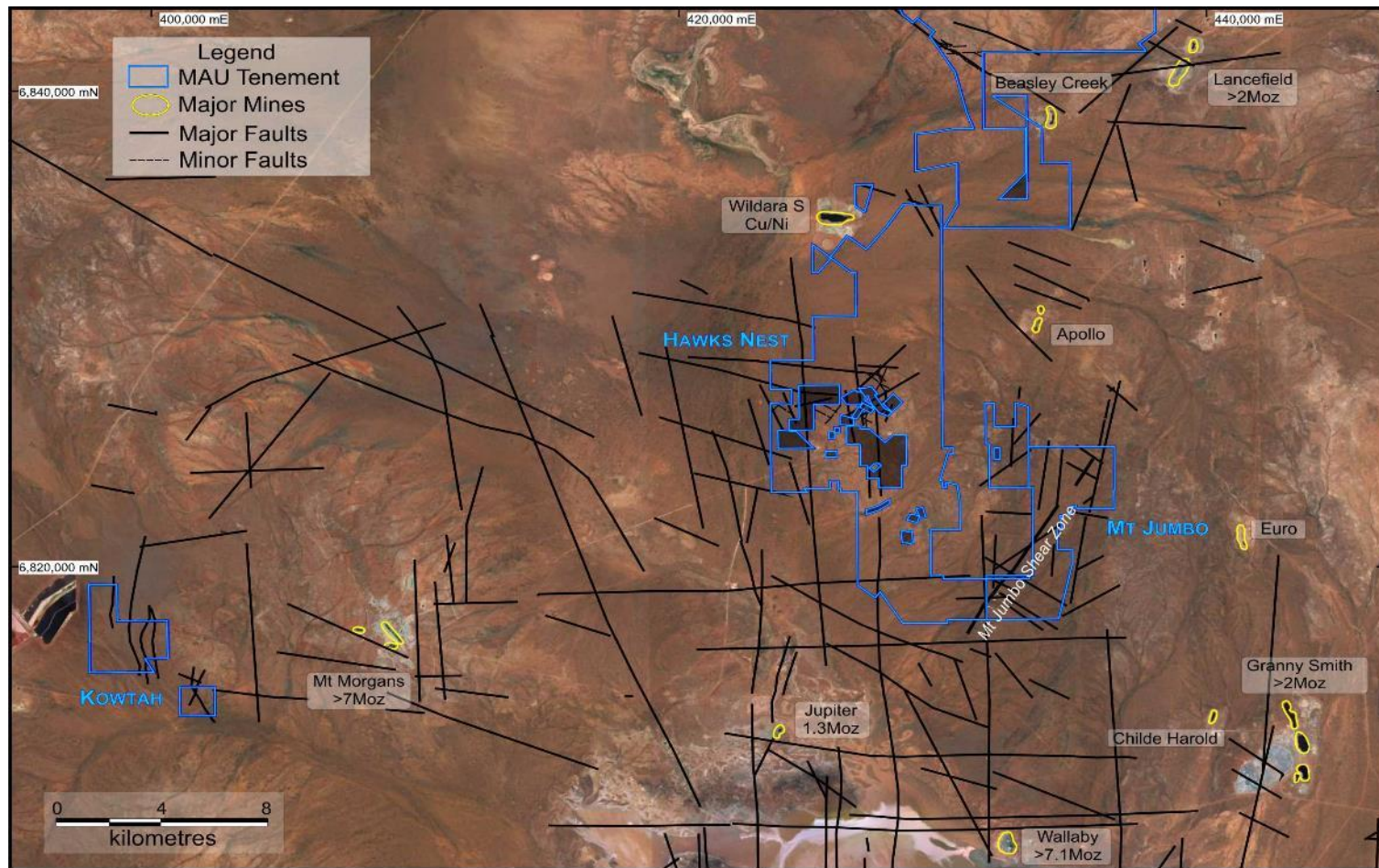
Laverton Gold Mines



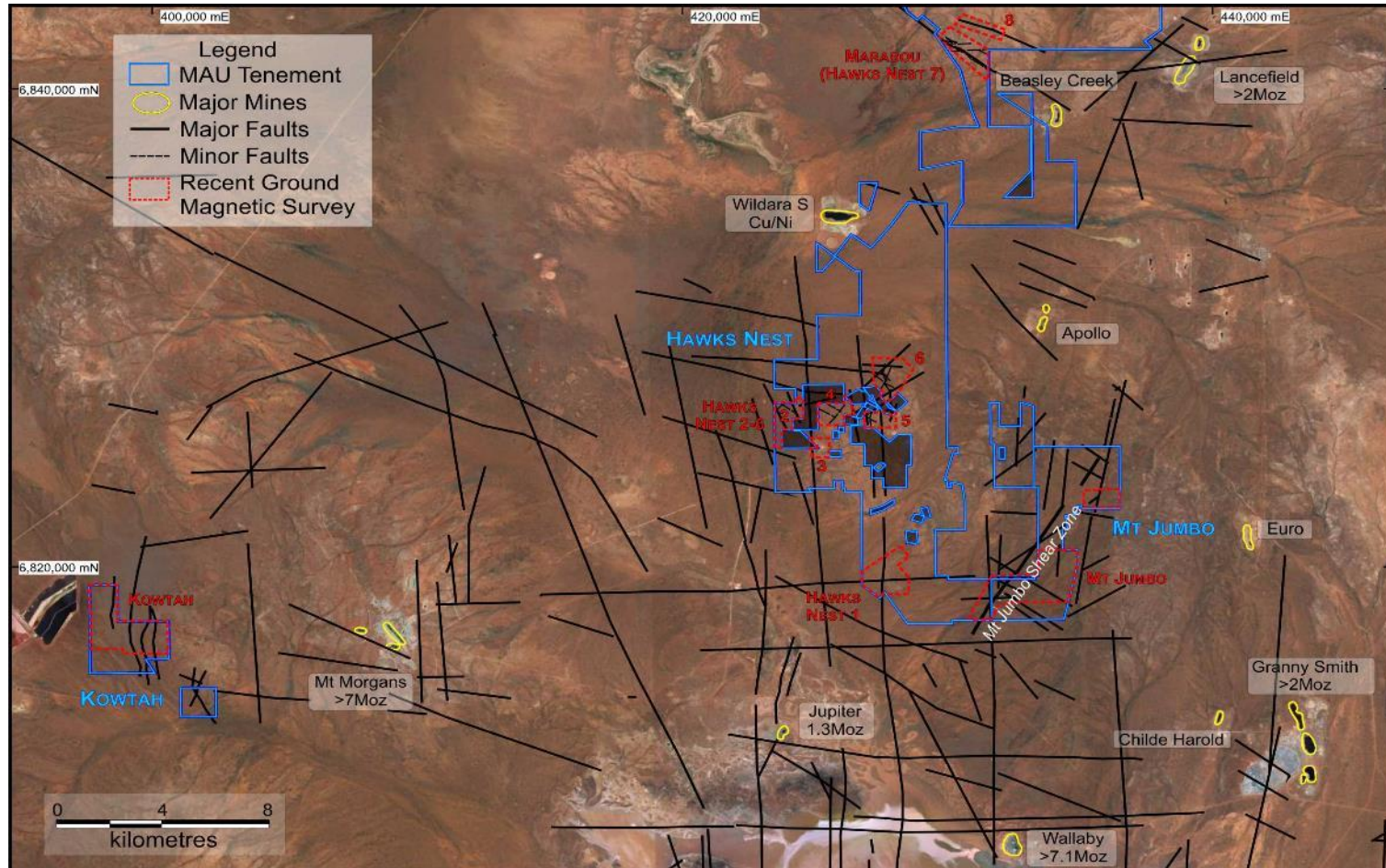
Laverton Gold Mines and Major Faults



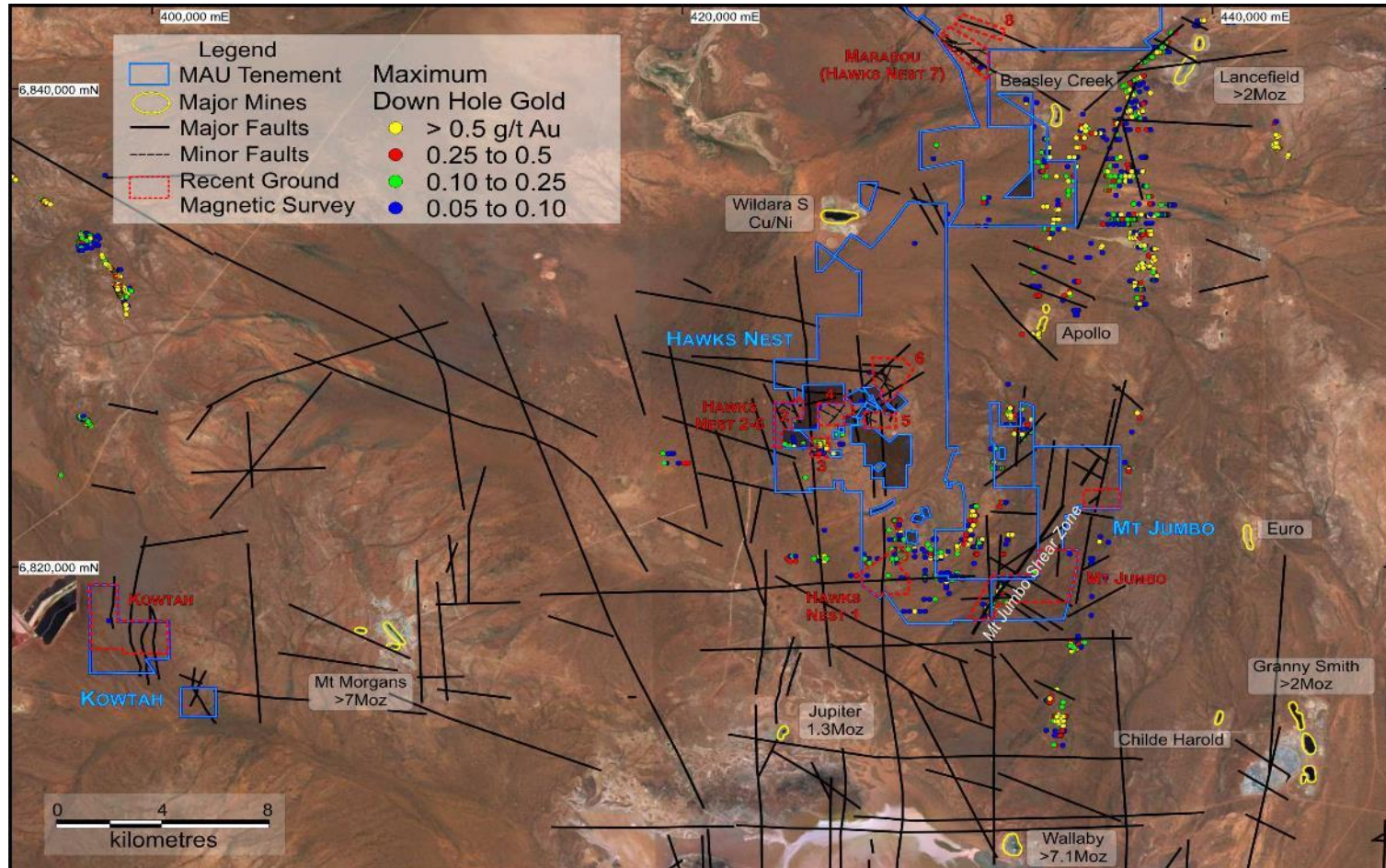
Laverton Gold Mines and all Faults



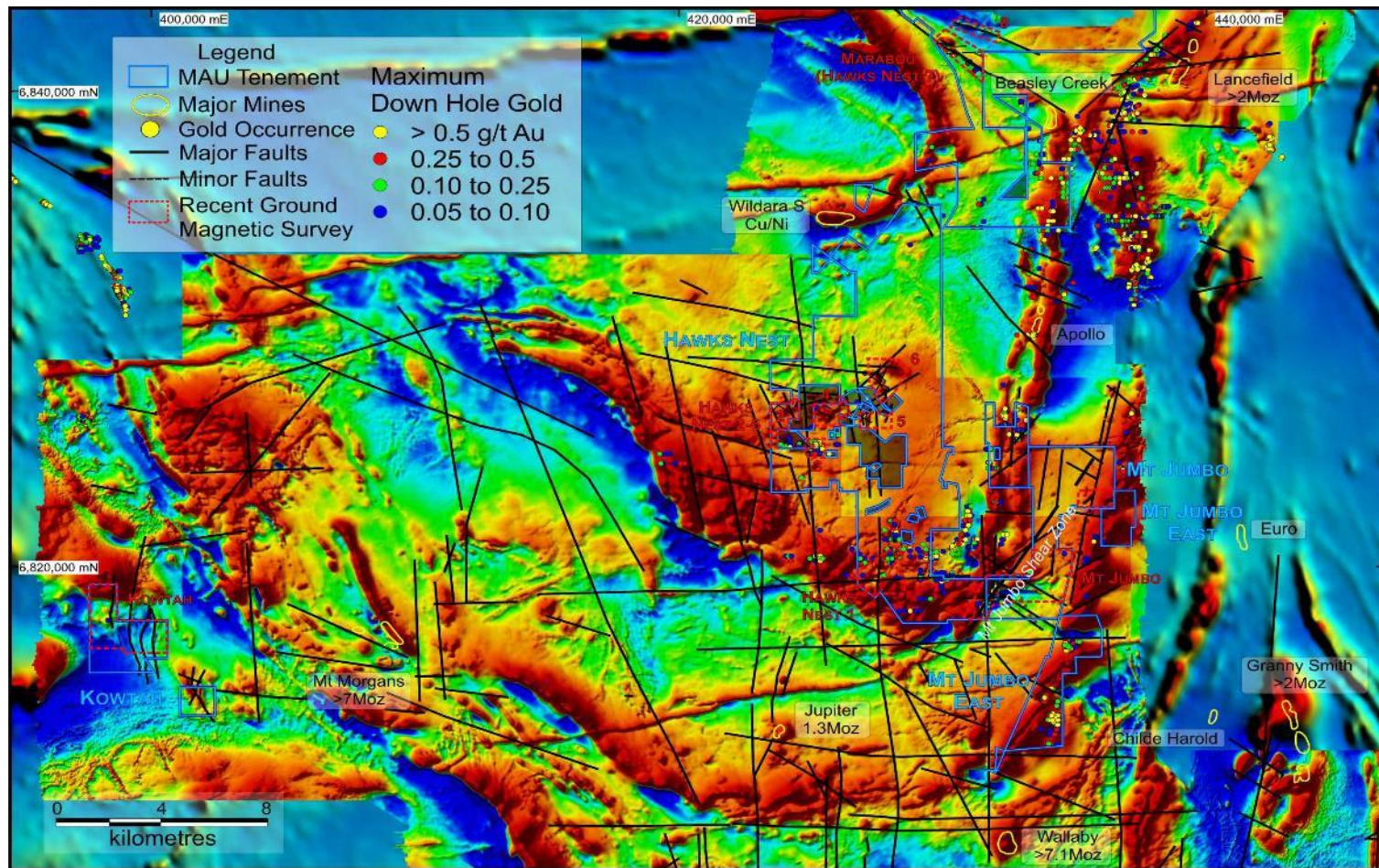
Laverton Gold Mines, Faults and Ground Magnetic Surveys



Laverton Gold Mines, Faults, Ground Magnetics, Drill Hole Max Gold.

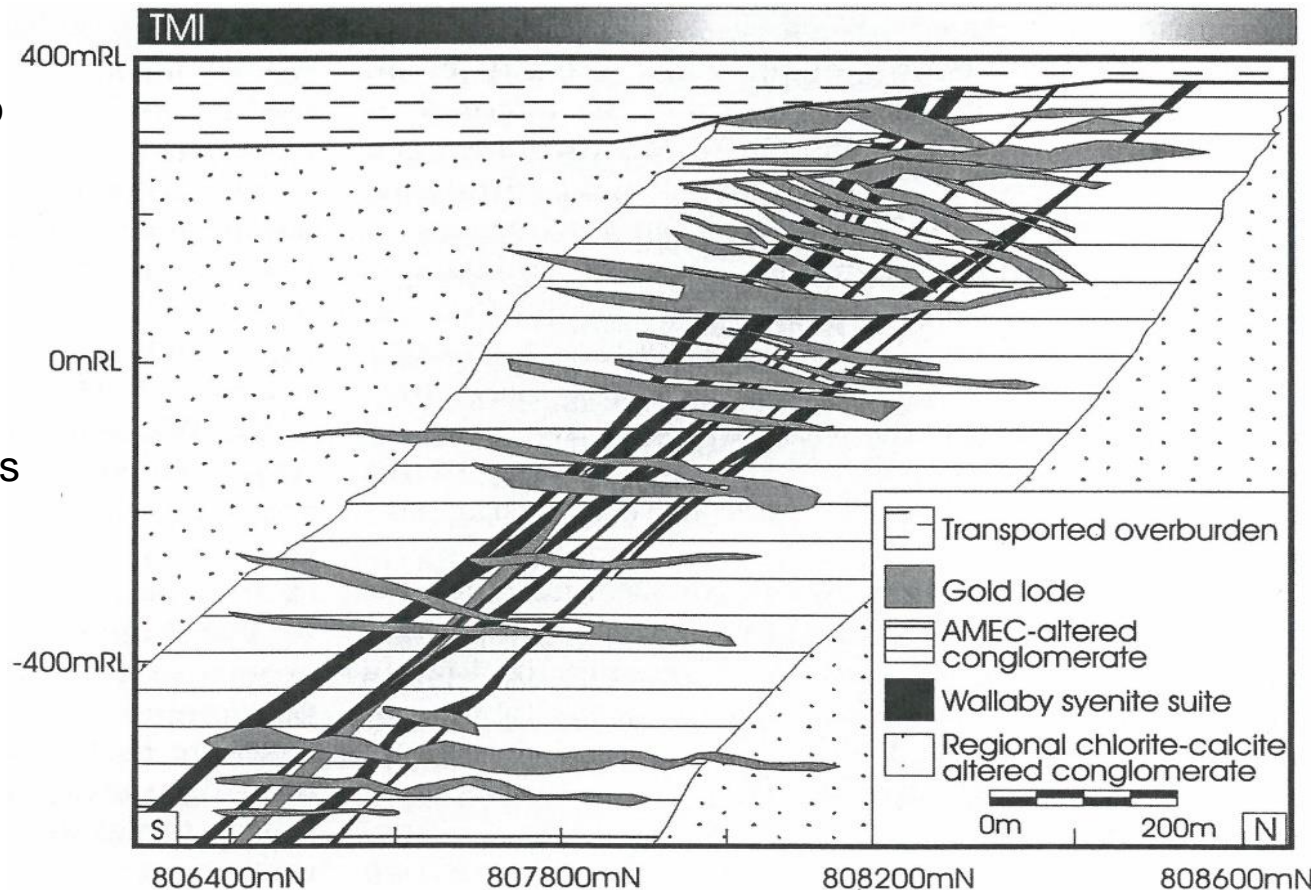


Laverton Gold Mines, Faults, Ground Magnetics, Drill Hole Max Gold, Aeromagnetics



Leonora-Laverton Gold Project – Wallaby NS Section

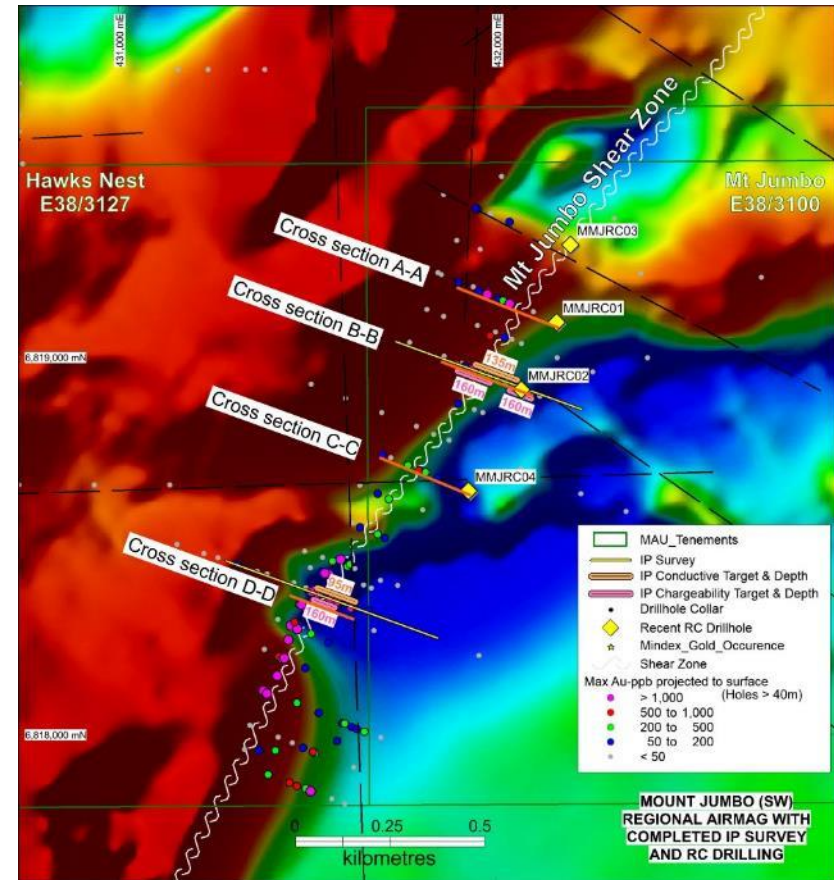
- Similar characteristics to the Wallaby deposit:
- Magnetite rich pipe
- Syenite intrusions
- Multiple Horizontal Lodes
- Major Faults in vicinity



Source: Salier BP et al (2004), Mineralium Deposita 39: 473-494

Laverton Gold Project – Mt Jumbo Shear zone greater than 1.3km and 10km north of 7Moz Wallaby Deposit

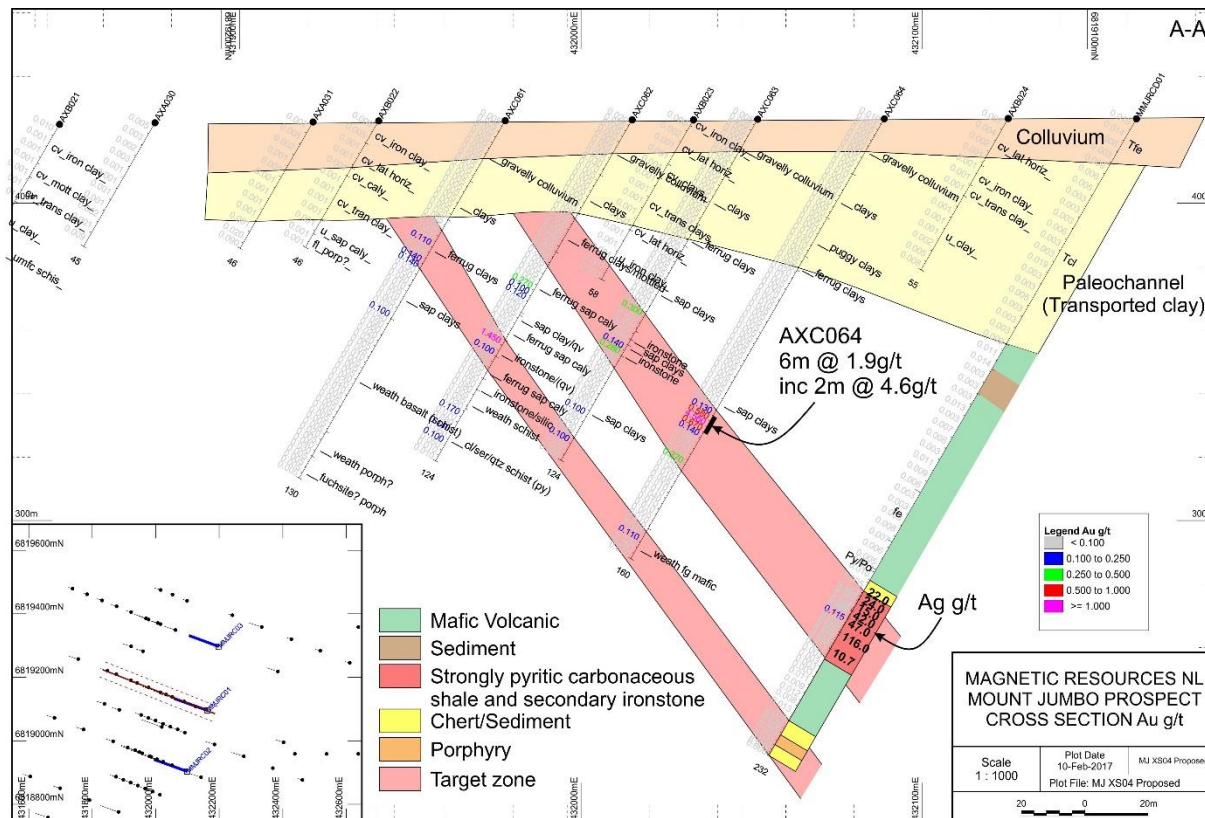
- 1.3km-long NNE shear target zone. This forms a splay off the main NS fault that passes adjacent to Wallaby.
- Historical drilling (Normandy Exploration, Mt Ajax Interim Report Oct 1996 to April 1997) of over 78 RC and Diamond holes completed along shear zone.
- Average depth of historical holes is only 90m. Many new recent discoveries have been made by deeper drilling.
- Elevated gold grades: 2m @ 4.6g/t from 110m in hole AXC064, 15m @ 2.4g/t from 97m in hole AXC0134, 4m @ 7.2 g/t from 104m in hole AXC048.
- I.P. has identified a medium strength chargeability and overlaying conductive zones associated with the gossanous Fe rich shear zone.
- Four 225m long RC/Diamond drill holes completed with anomalous silver results in hole 1.



Historical drilling, detailed aeromagnetics, completed I.P. and RC holes.

Laverton Gold Project – Mt Jumbo Drill Section

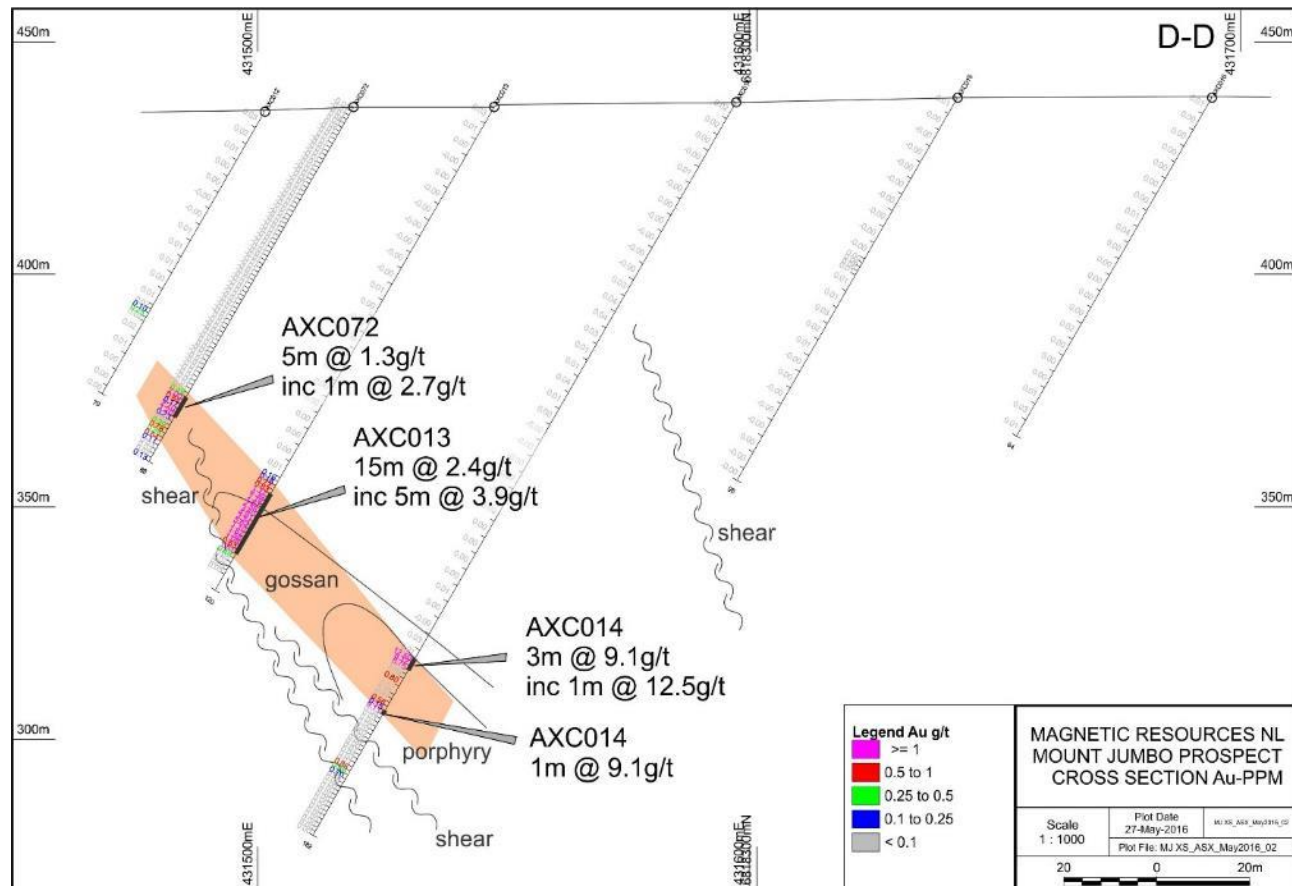
- Similar in geometry to other deposits in the region including the Wallaby deposit (>7Moz).
- Anomalous silver intersected in drillhole MMJRCD-01 within carbonaceous shales with silica-pyrite alteration.
- Anomalous silver ranges from 10.7 to 116g/t.



Historical drilling cross section A-A with MMJRCD-01

Laverton Gold Project – Mt Jumbo Drill Section

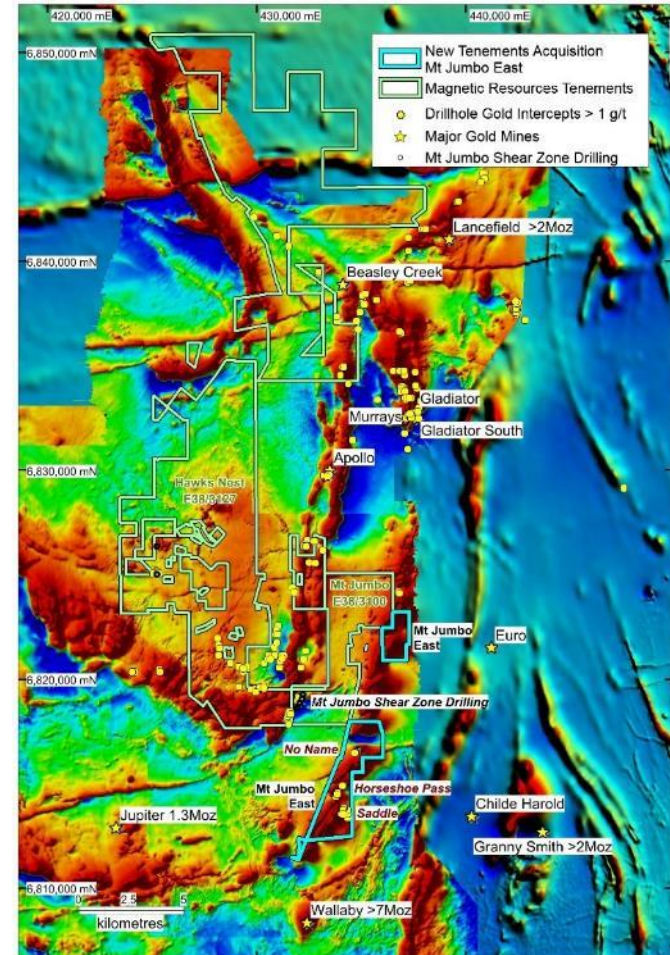
- The mineralisation appears to be steeply dipping to the east in the southern part of the shear zone.
- These open zones provide encouragement for down dip drilling in the future.



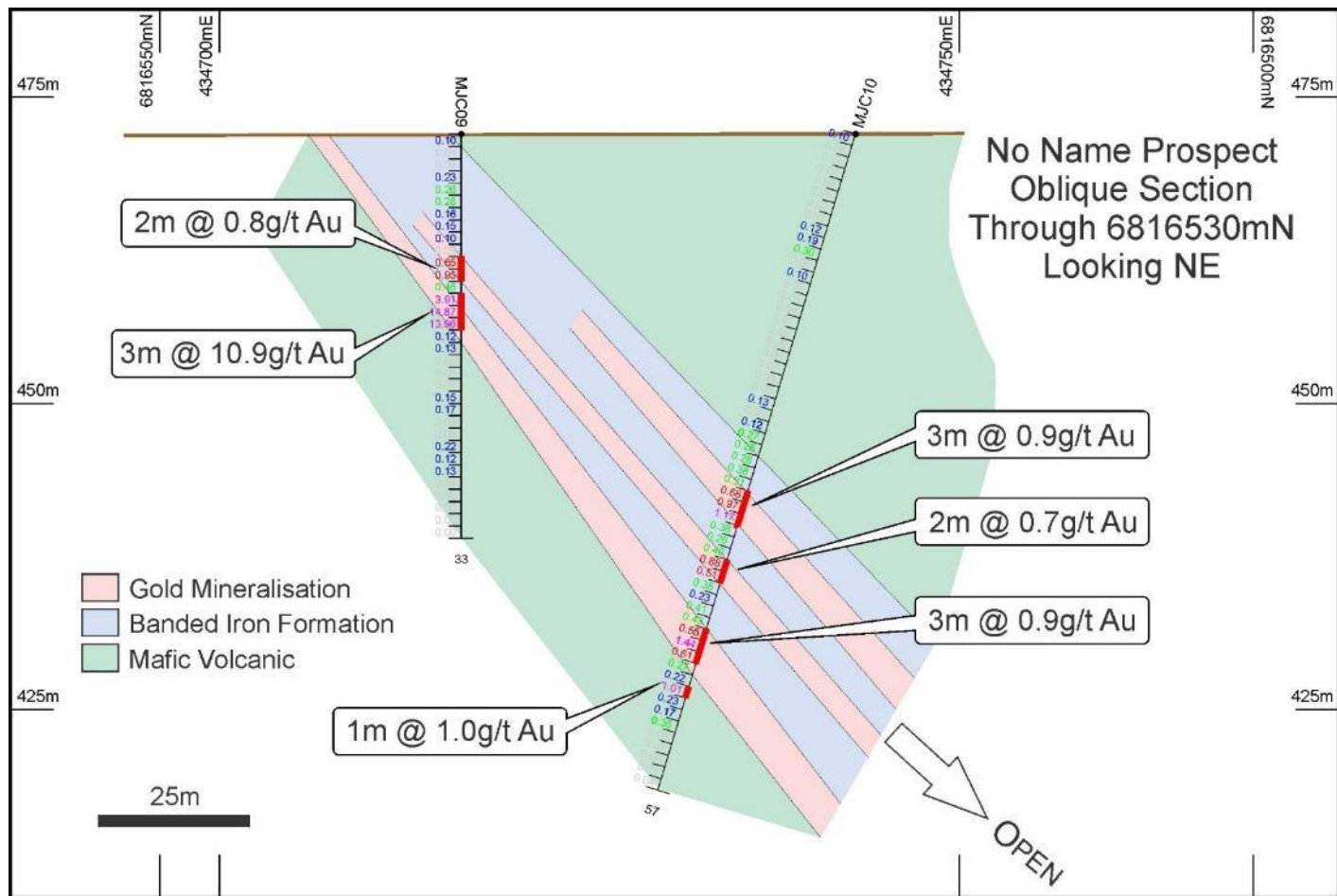
Historical drilling cross section D-D

Laverton Gold Project – Mt Jumbo East

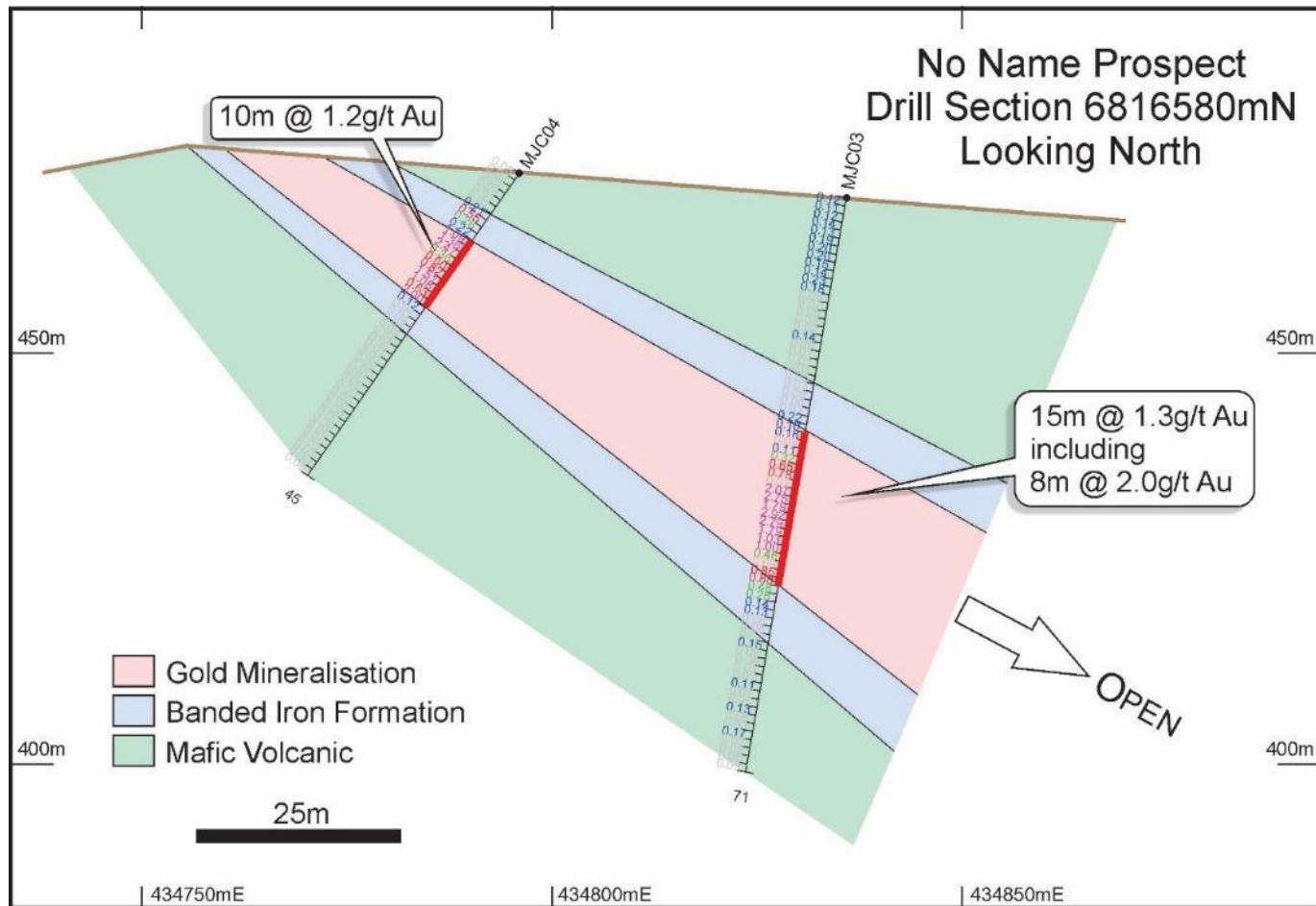
- 11sq km of new tenement applications called Mt Jumbo East. There at least 3 prospects within this application.
- Significant **shallow** historical drill intersections at the No Name prospect include 6m @ 5.8g/t Au from 10m in drill hole MJC09, including 3m @ 10.9g/t Au from 13m. Very anomalous surface samples from 1.8g/t to 3.2g/t at the Horseshoe Pass prospect.
- 5km North of Wallaby and 10km West of Granny Smith. Structurally complexed BIF disrupted by NE faults with a number of interpreted intrusions and WMC suggesting NW fault intersections of the BIF are important for gold localization.
- Future work includes historical geochemical and drilling compilation followed up with detailed ground magnetics over the BIFs and intrusions followed up with drilling down dip and along strike of the shallow intersections.



Laverton Gold Project – Mt Jumbo East Drill Section

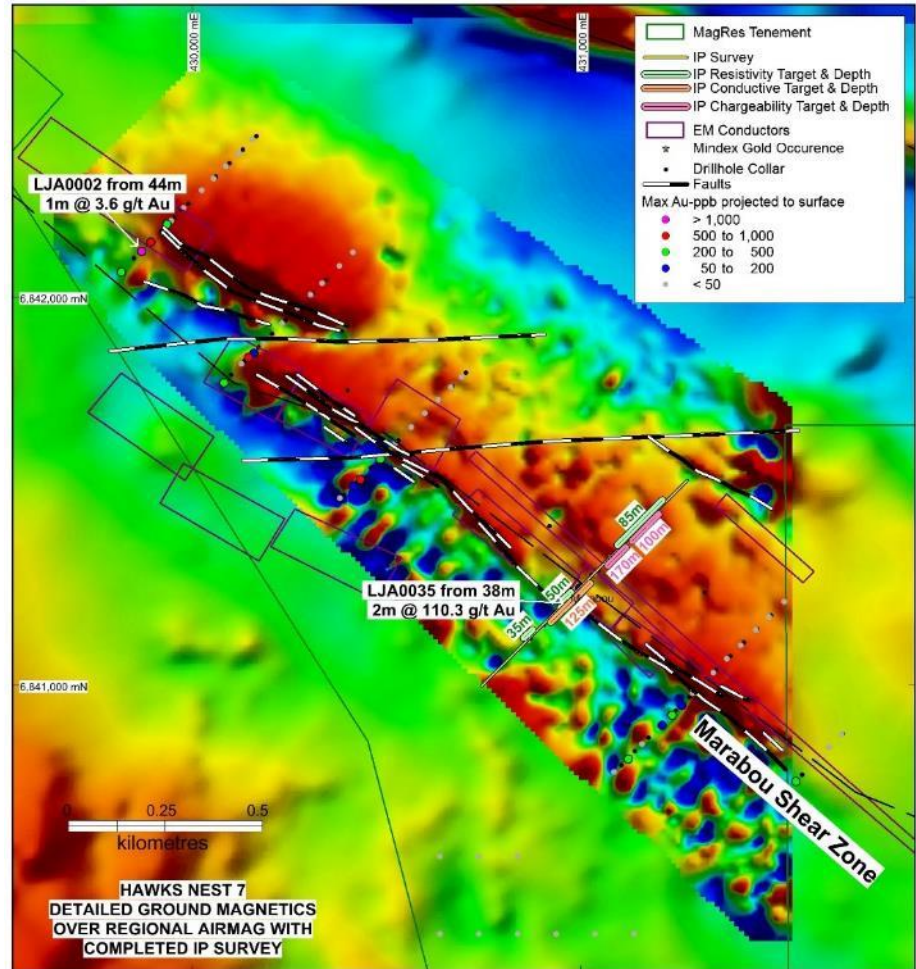


Laverton Gold Project – Mt Jumbo East Drill Section

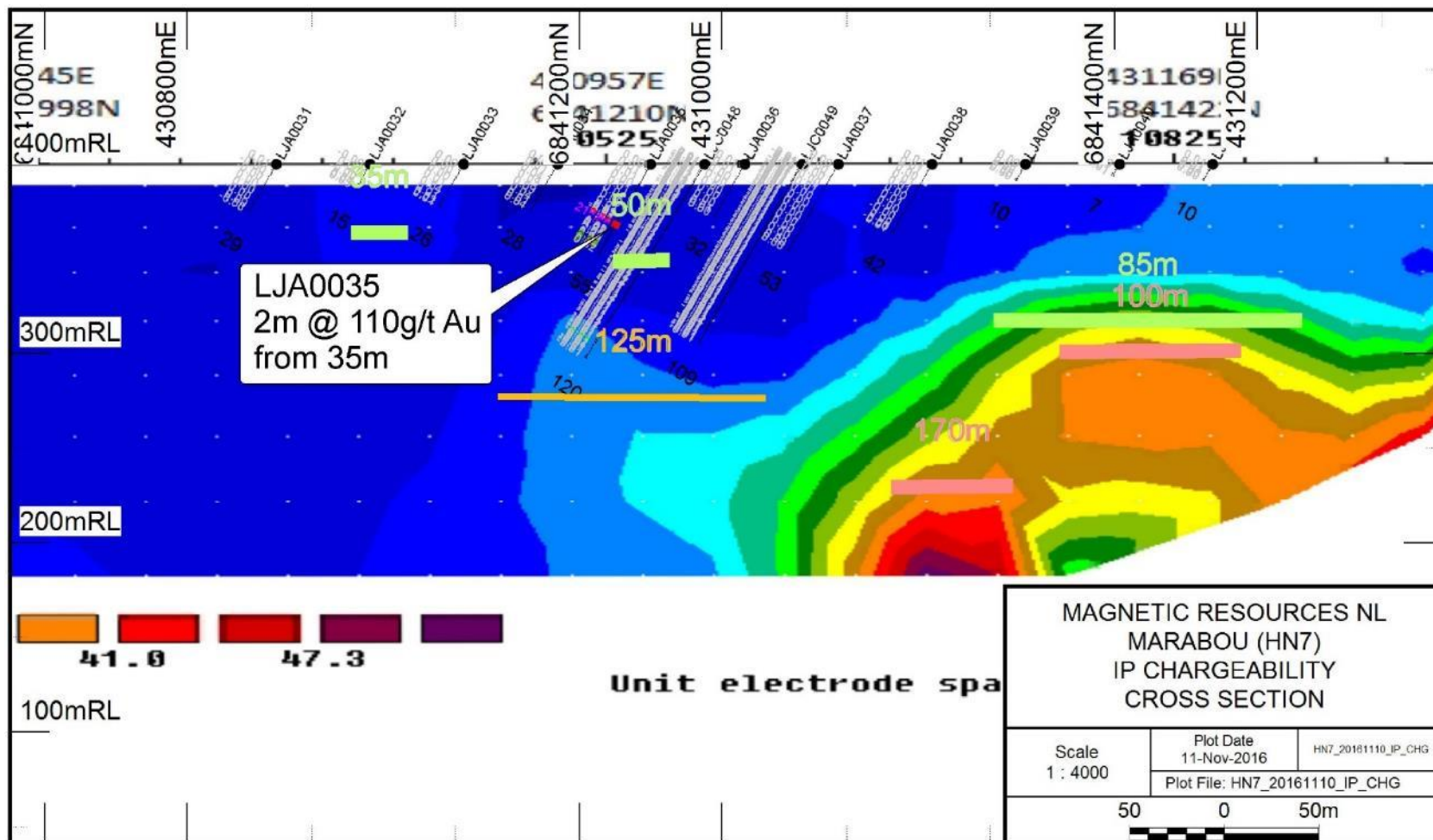


Laverton Gold Projects Marabou

- ❑ Marabou shear zone greater than 2.3km long
- ❑ Shear zone well defined by ground magnetics and ground EM.
- ❑ Strongly anomalous 2m @ 110g/t from 35m in drillhole LJA0035.
- ❑ Strong I.P. chargeability anomaly down dip from anomalous gold intersection.
- ❑ Gold zones defined by quartz veins and disseminated sulphides.

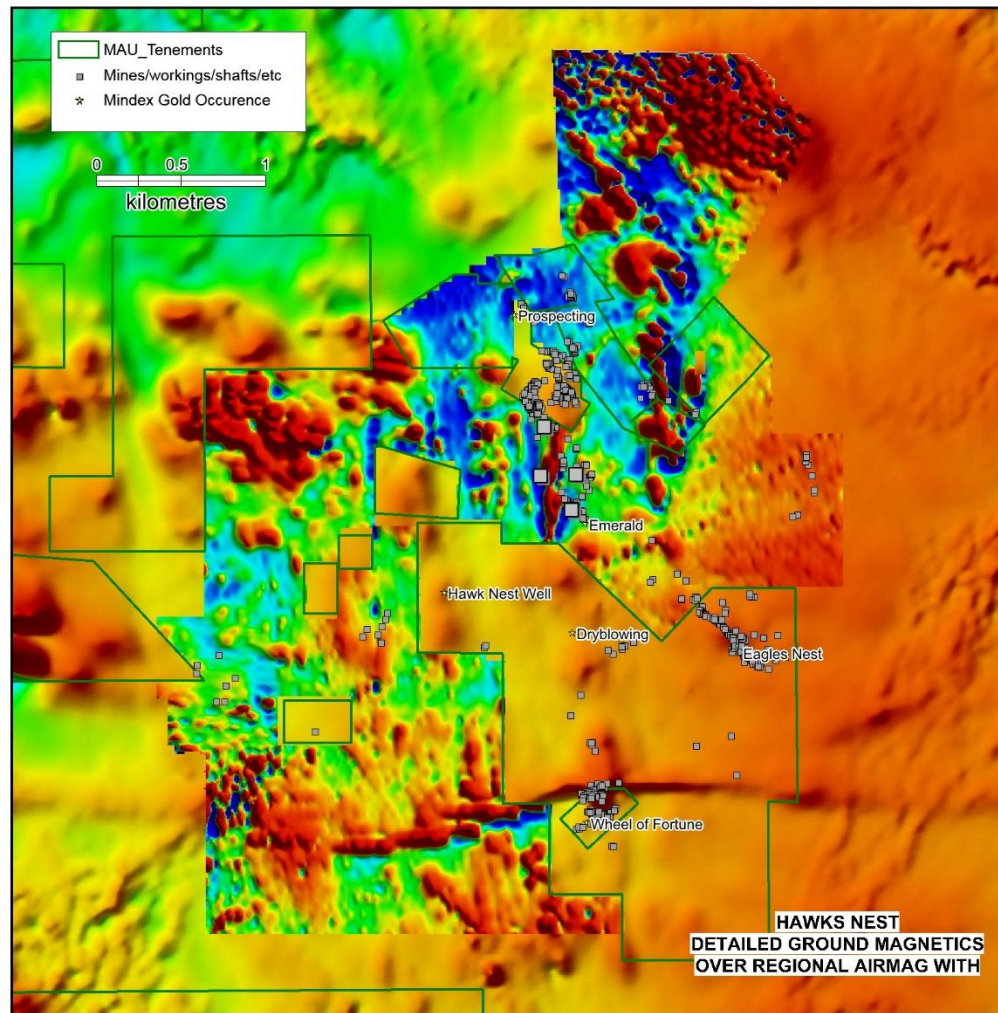


Laverton Gold Projects Marabou



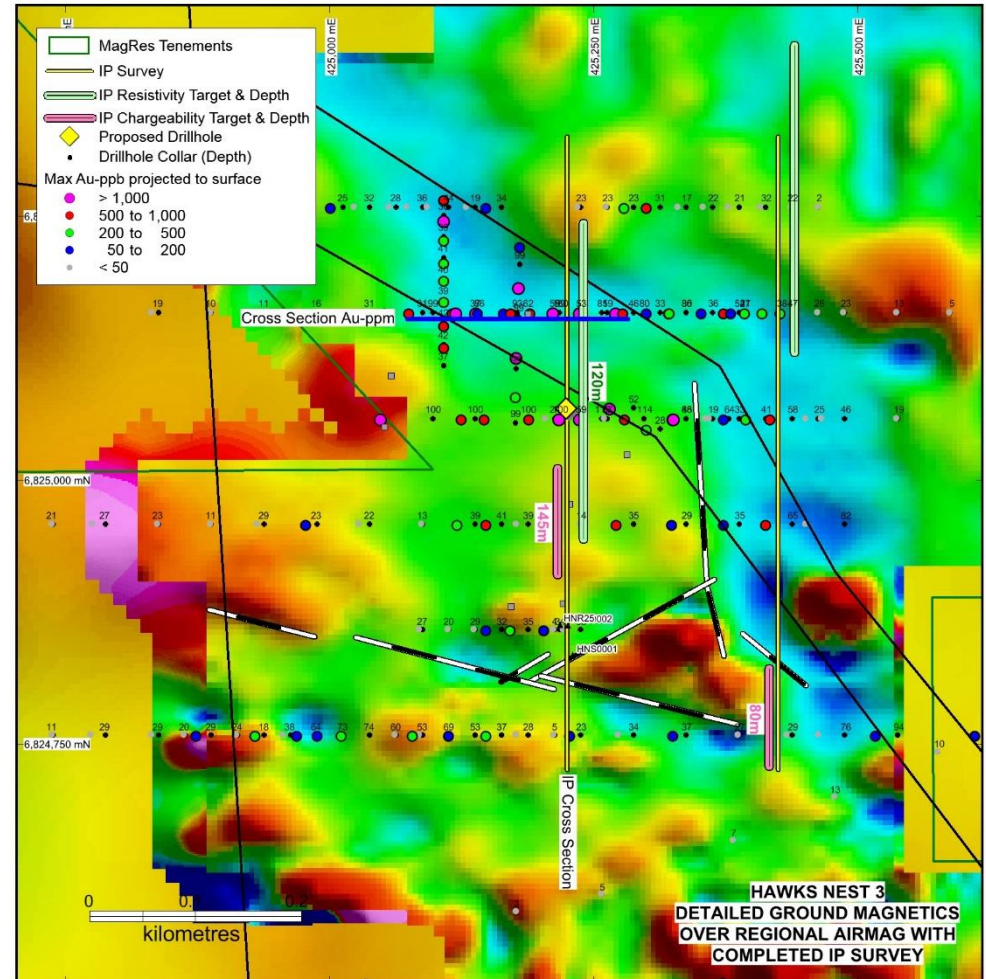
Laverton Gold Projects Hawks Nest targets HN2-HN6

- 260 line km of ground magnetics completed at 50m spacing outlining numerous circular targets prospective for Wallaby and Jupiter style mineralisation. Also large scale 'Zygmoidal' structural bends present some of which are mineralised with historical workings.
- Large drilling programme proposed after review of IP surveys, ground magnetic targets and historical workings.

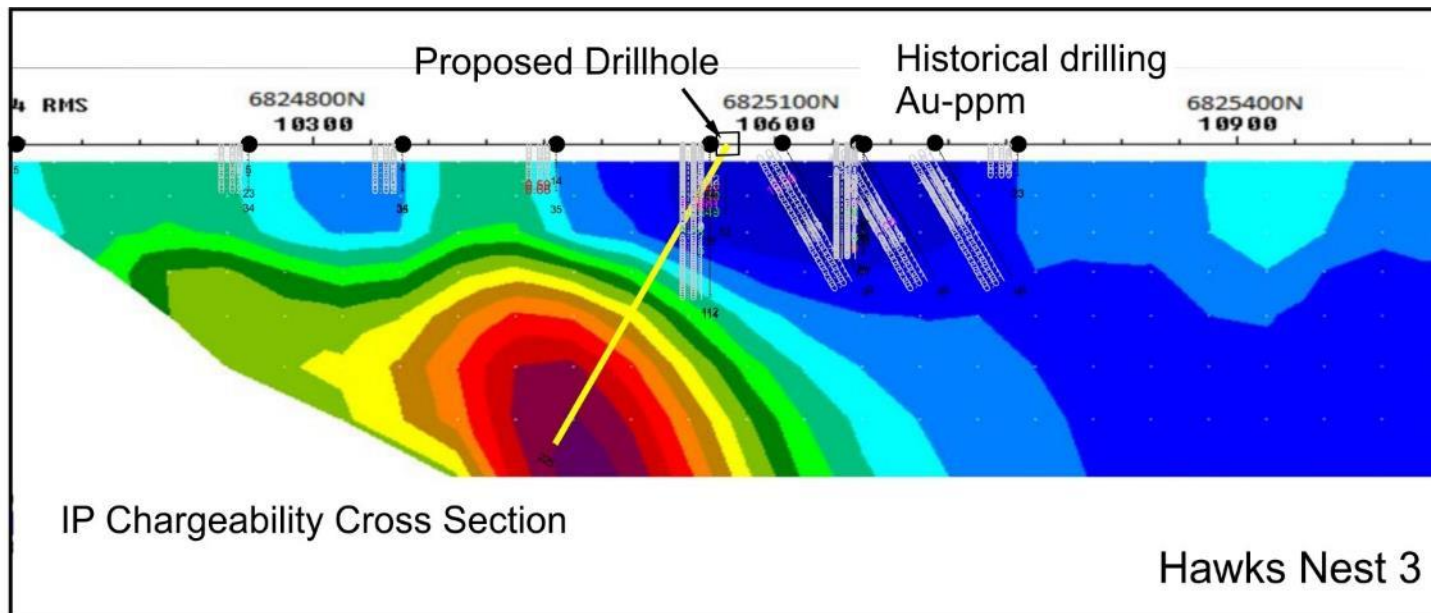


Laverton Gold Projects Hawks Nest 3

- ❑ Sericite alteration of porphyry and unusual rock types including dolomitic sediments.
- ❑ 17 holes have grades above 1g/t Au and a high value of 1m @ 13g/t Au.
- ❑ Extensive supergene zone at 30–40m depth over 400m x 300m.
- ❑ Long I.P. lines designed to target mineralisation source below supergene zone have defined a strong chargeability anomaly which is planned to be tested by a 200m drillhole.

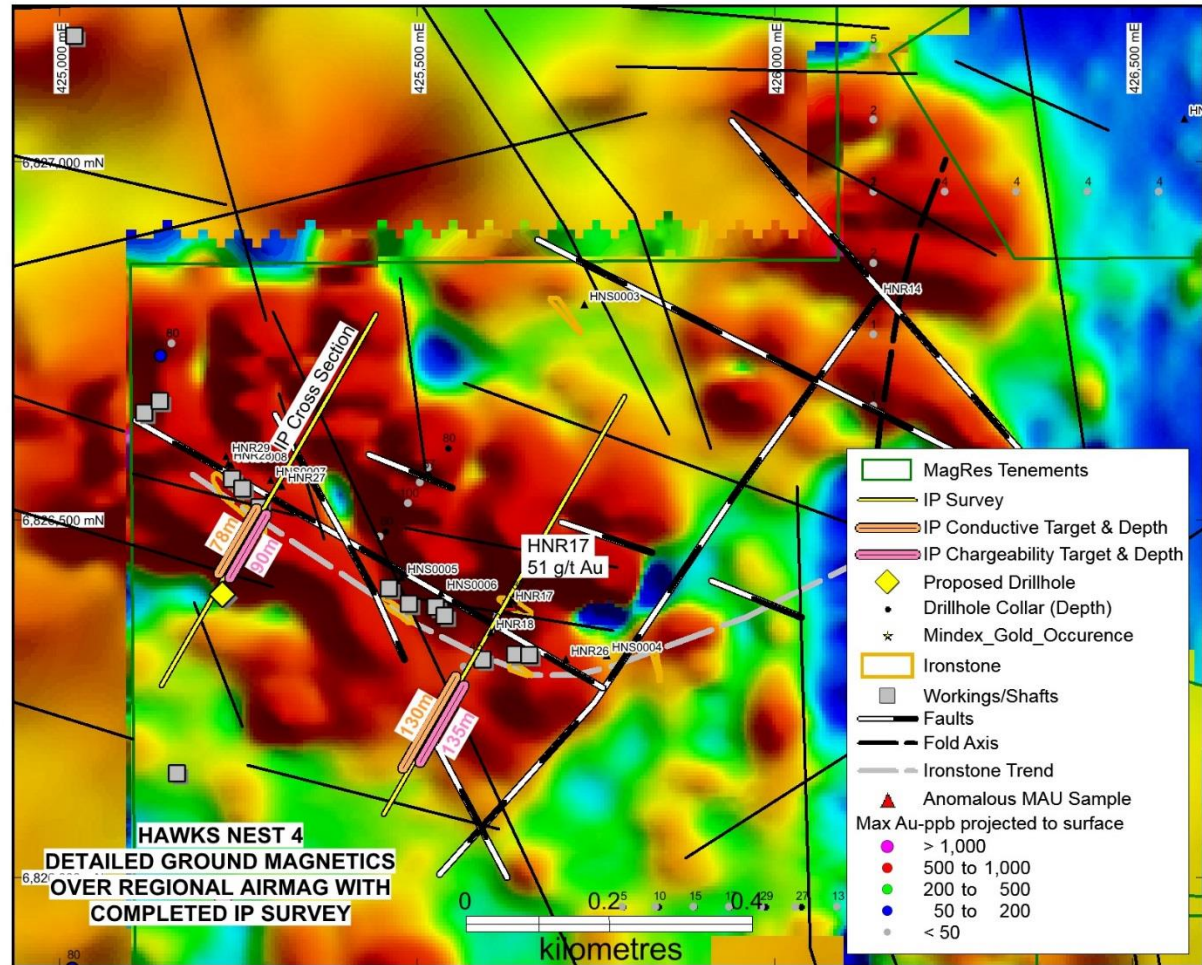


Laverton Gold Projects Hawks Nest 3

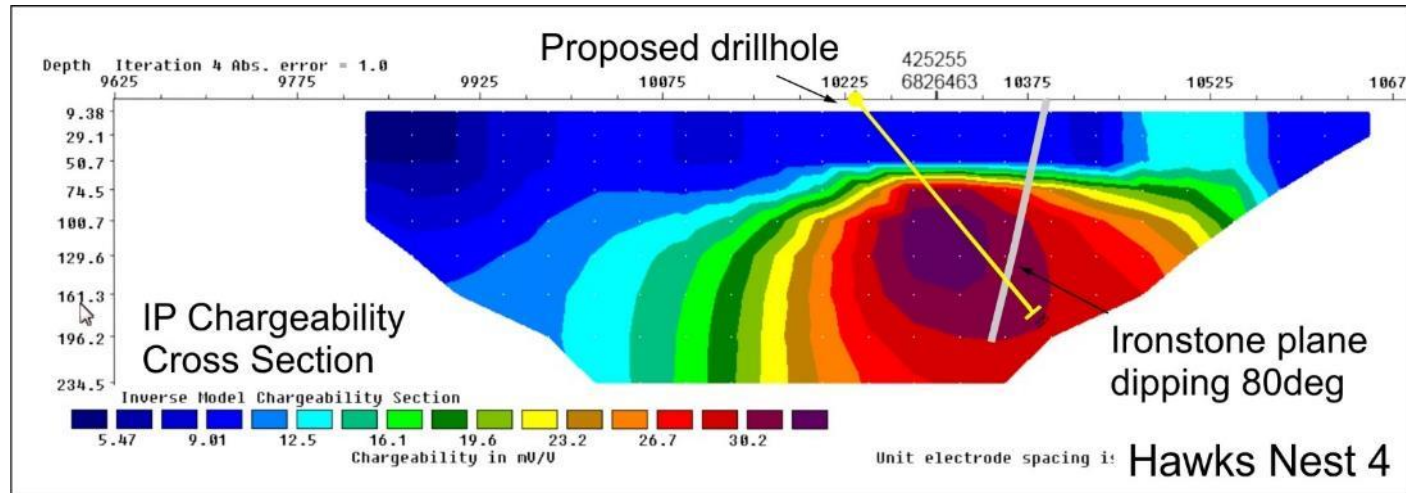


Laverton Gold Projects Hawks Nest 4

- Well defined mafic units with WNW structures with shallow workings.
- HNR17 rock chip had a high value of 51.7g/t within an ironstone.
- IP lines designed to test for deeper mineralisation have located a strong chargeable zone associated with the steeply dipping ironstone.

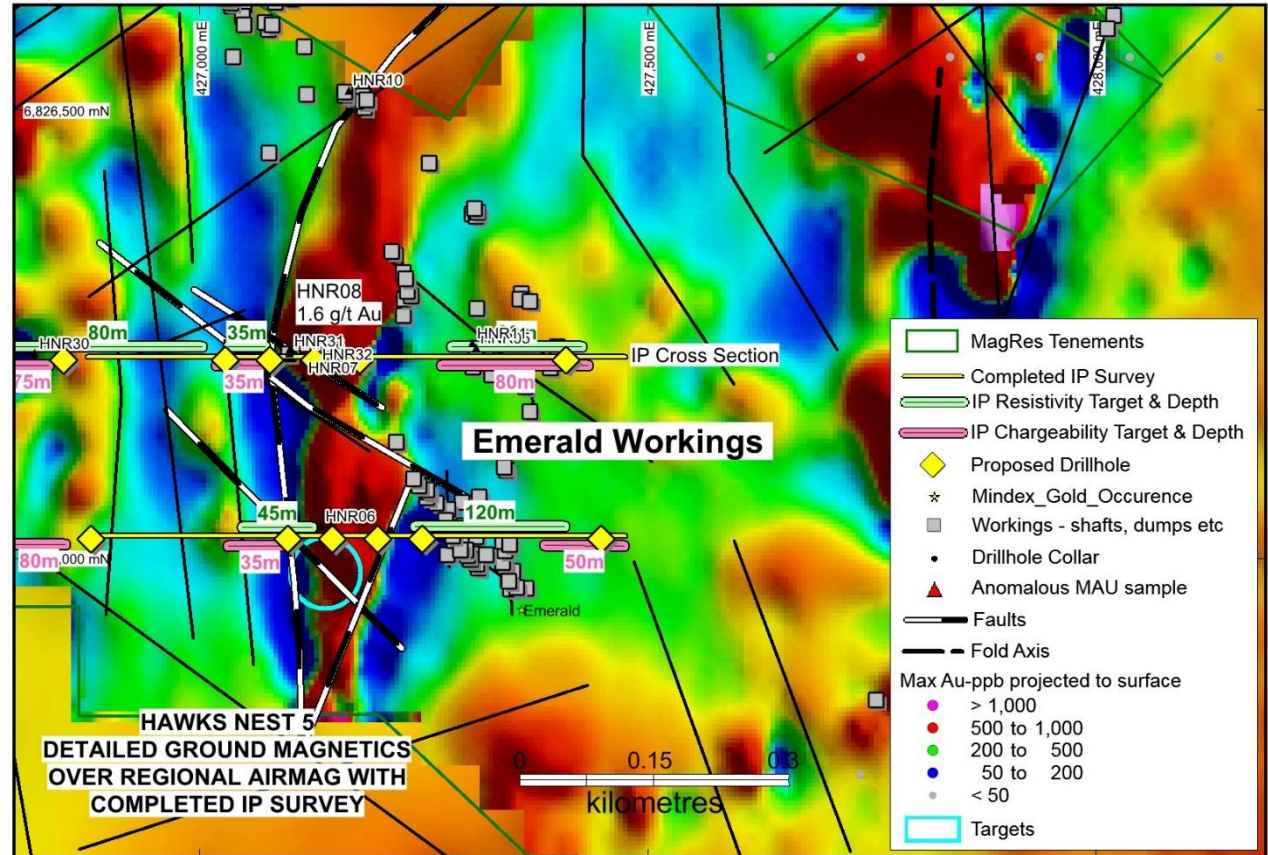


Laverton Gold Projects Hawks Nest 4

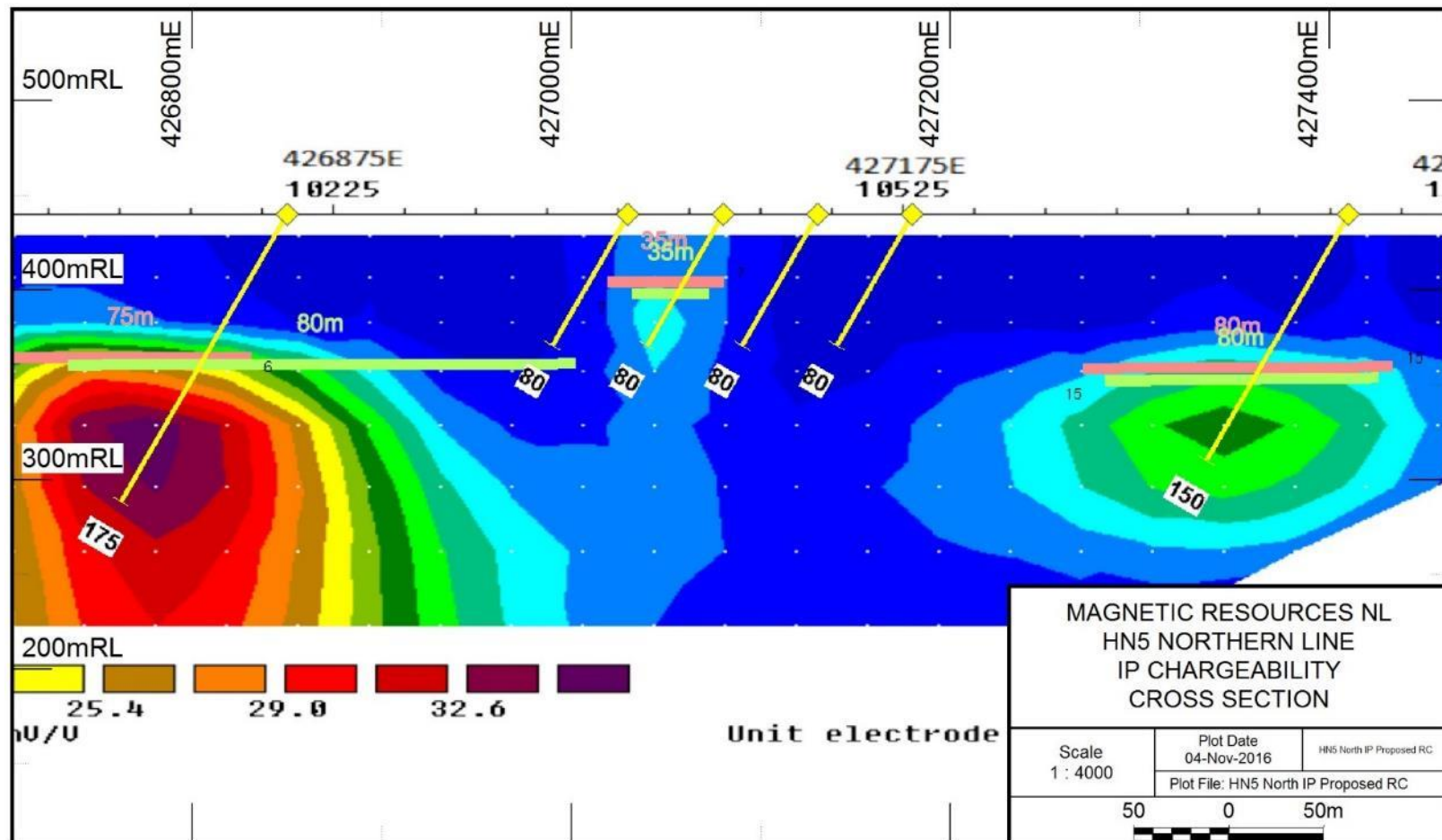


Laverton Gold Projects Hawks Nest 5

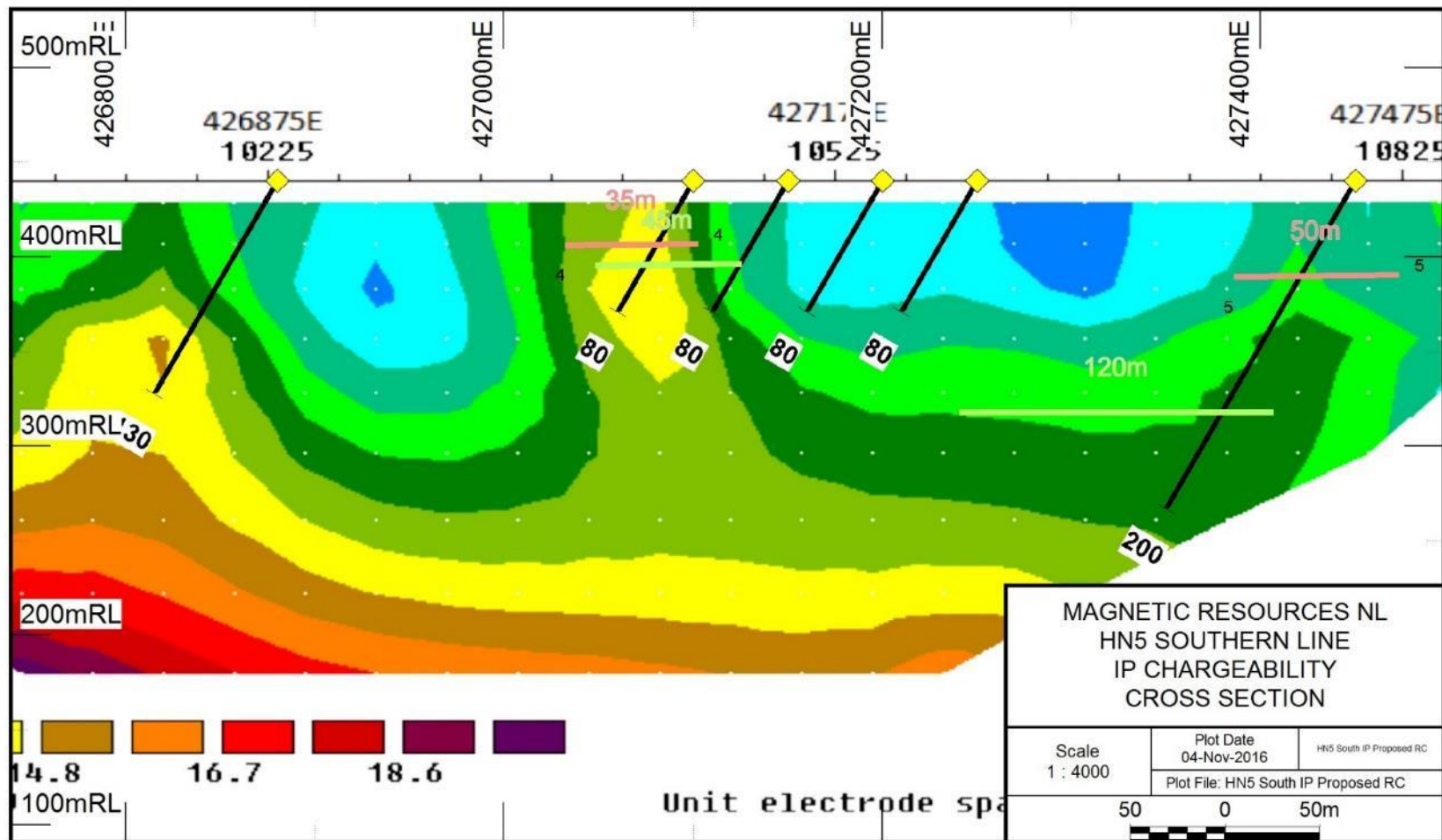
- ❑ 800m x 150m sheared banded amphibolite.
- ❑ Surface sample of 1.6g/t Au in working.
- ❑ I.P. lines to test shear zone and two separate parallel lines across Emerald workings.
- ❑ I.P. has defined three separate chargeable resistive zones. Two of these zones are associated with the Emerald workings.



Laverton Gold Projects Hawks Nest 5

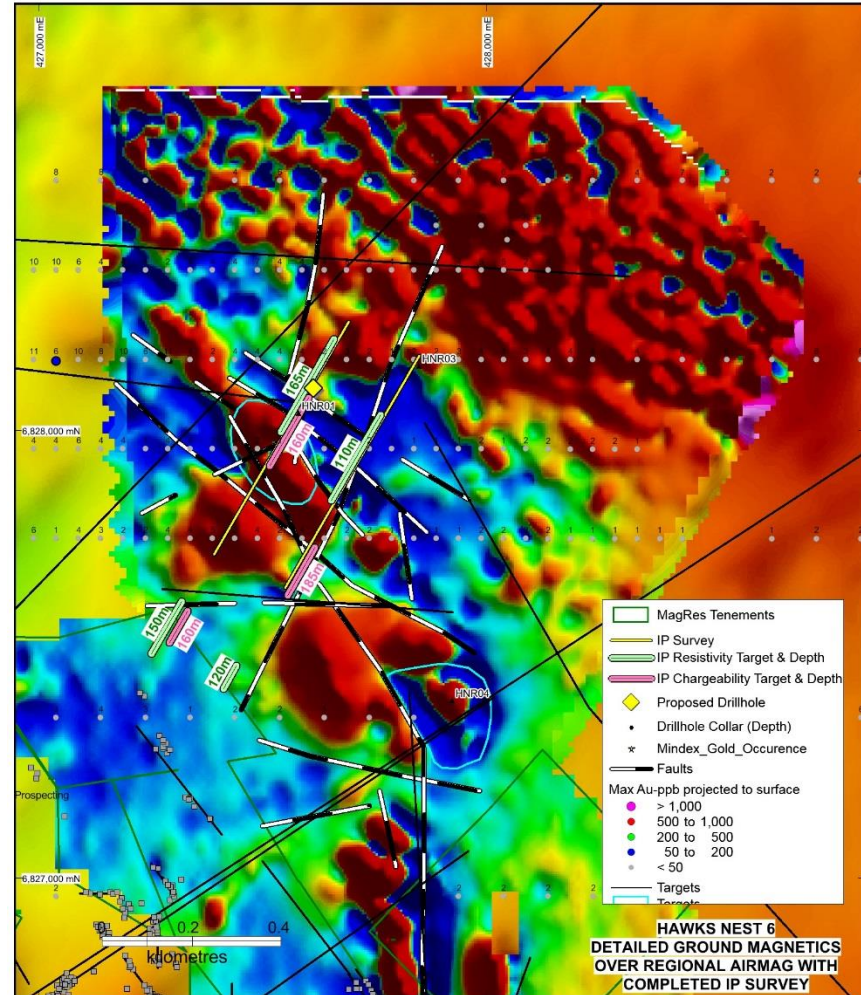


Laverton Gold Projects Hawks Nest 5

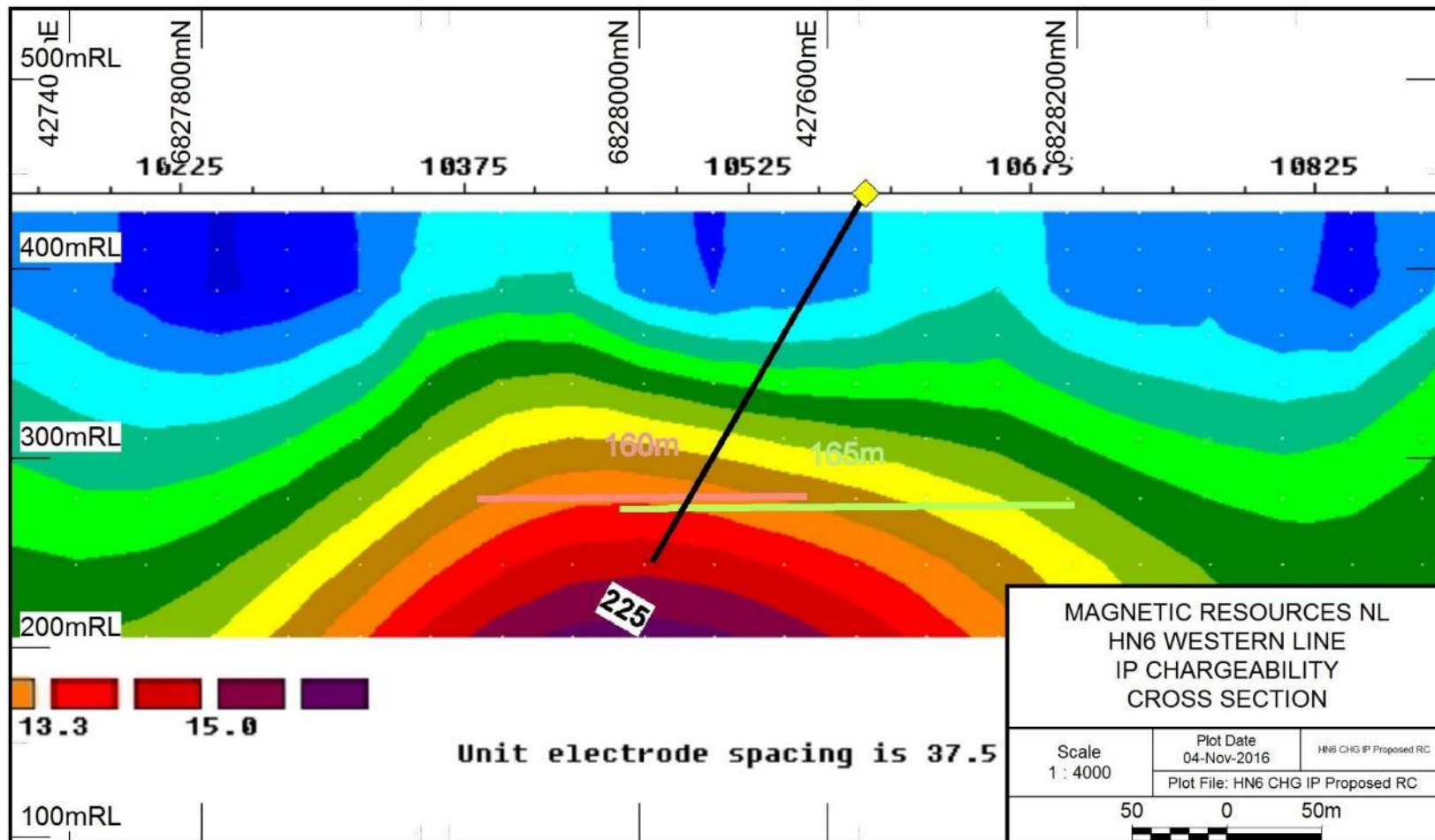


Laverton Gold Projects Hawks Nest 6

- 2 x 400m diameter circular mafic units similar to intrusive style like Wallaby and Jupiter.
- Intersection of NNW and NNE structures.
- IP lines testing for deeper gold mineralisation have located medium strength chargeable zones.

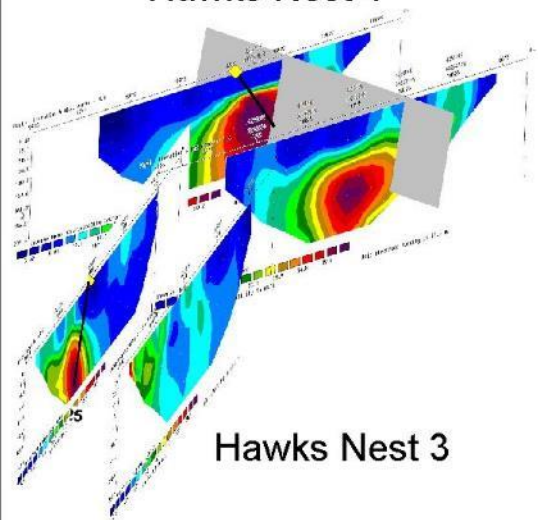


Laverton Gold Projects Hawks Nest 6



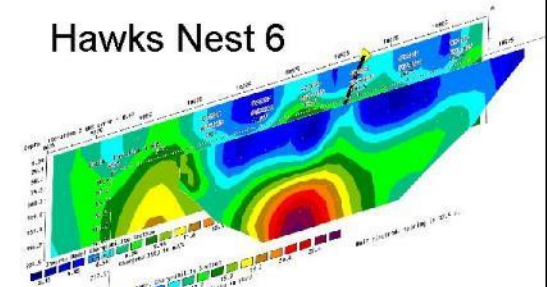
Laverton Gold Projects Hawks Nest 3-6 Chargeability View

Hawks Nest 4

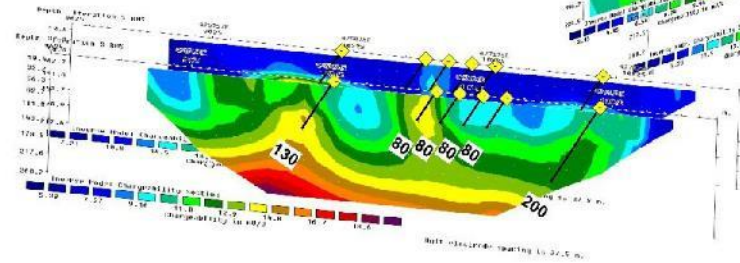


Hawks Nest 3

Hawks Nest 6

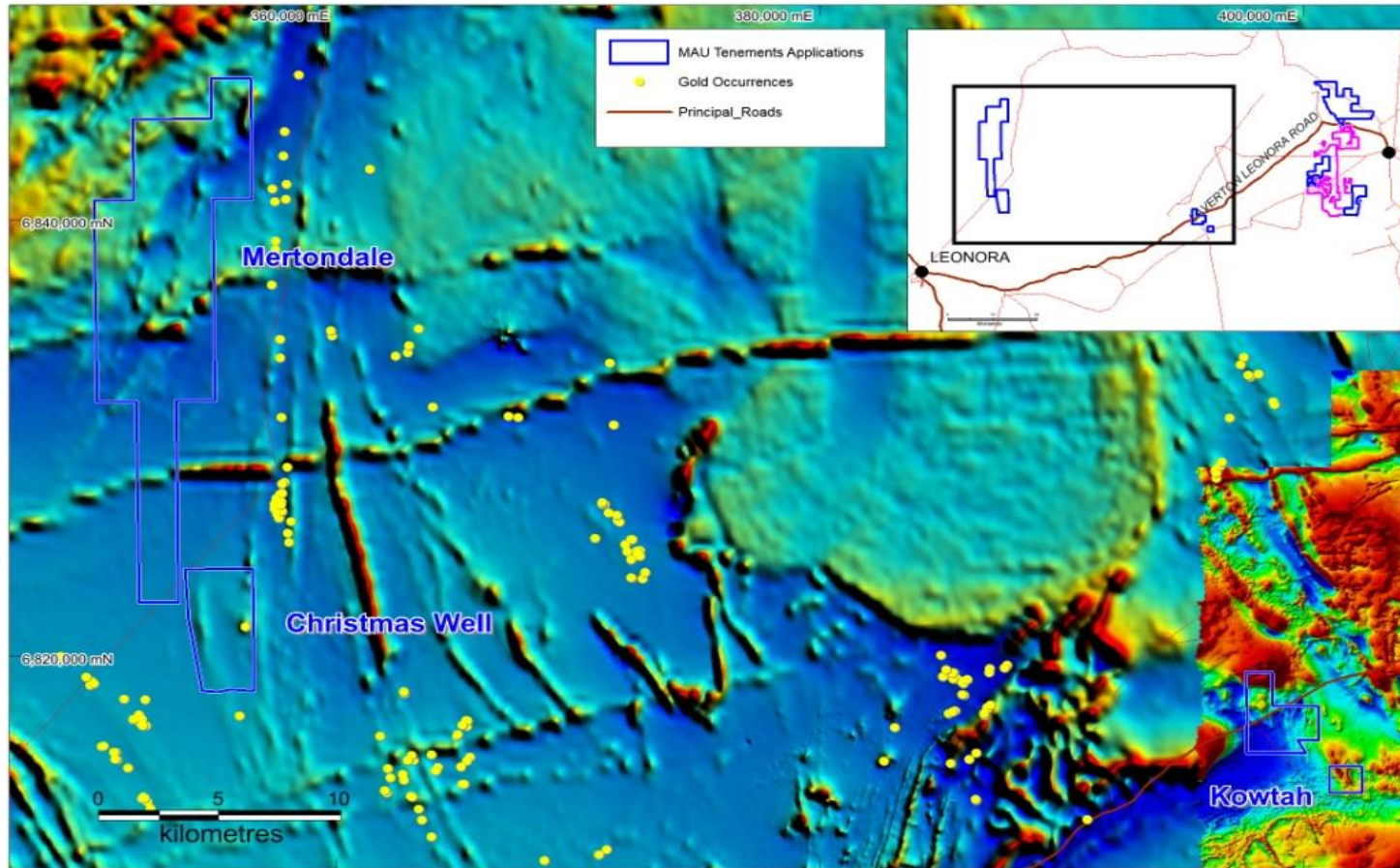


Hawks Nest 5



Leonora-Laverton Gold Project Locations

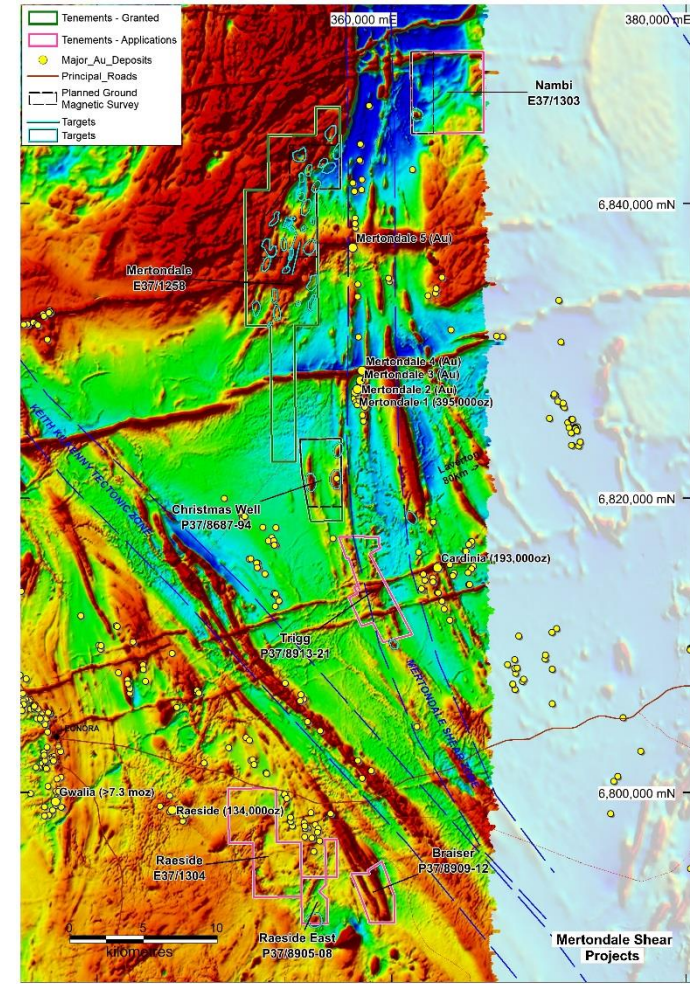
Over 30 Moz mined in the region, and published resources second only to Kalgoorlie



Leonora-Laverton Gold Project Locations

Over 30 Moz mined in the region, and published resources second only to Kalgoorlie

- ❑ 177sq. km in the Mertondale region.
- ❑ Numerous dilation targets at changes in orientation of the Mertondale shear and parallel shears
- ❑ 27 targets within Mertondale and Christmas Well Projects are waiting for POW approval prior to shallow AC/RAB drilling beginning
- ❑ Previous geochemical work too shallow to be effective
- ❑ 3 intrusive targets similar to Wallaby to be tested as well



Leonora-Laverton Gold Project

NNW Emerald
workings at
Hawks Nest 5



Mount Jumbo
BIF



Emerald workings
shaft at Hawks
Nest 5



Hawks Nest 5
area



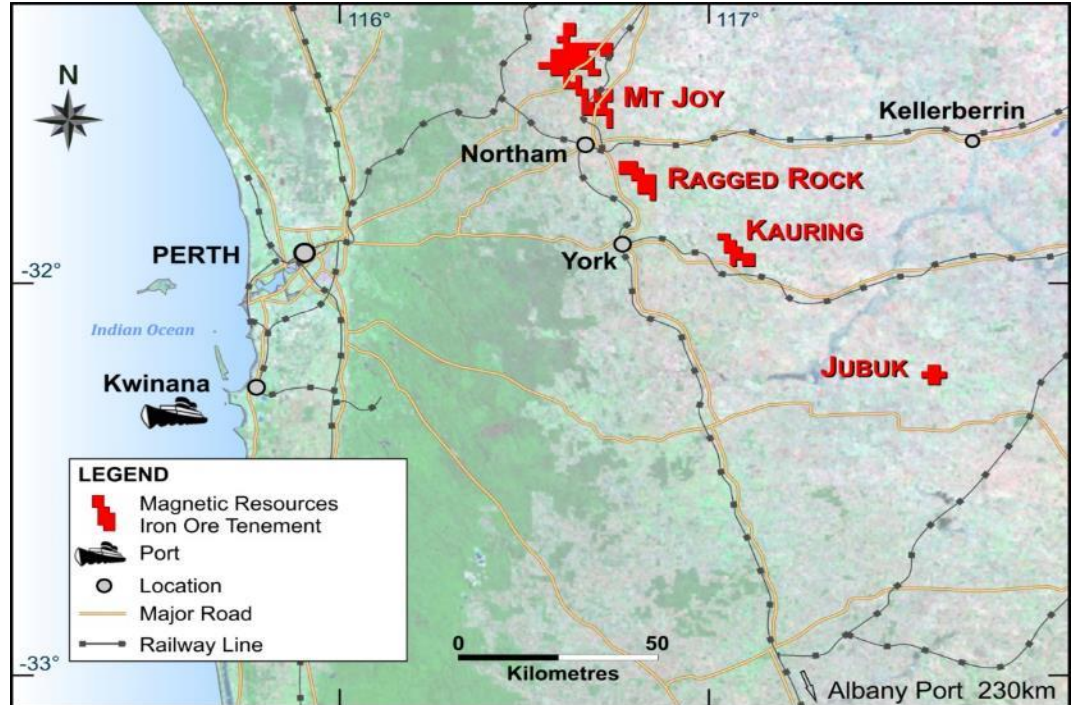
Leonora-Laverton Gold Project

Magnetic Resources NL
Mount Jumbo Shear Zone Drilling
Orbit Drilling October 2016



IRON ORE LOCATION - Close to Infrastructure

- ❑ Magnetic Resources still maintains an interest in potentially economic iron ore deposits.
- ❑ Several key projects representing >50 km of coarse grained premium quality magnetite targets.
- ❑ Current focus are Kauring and Mount Joy.
- ❑ All within 10 km of Government owned, open access railways.



Magnetic Resources provides a unique opportunity to invest in an emerging gold market within the world class Leonora-Laverton regions. Active programmes are in progress to determine optimum sites for follow up drilling within the Mt Jumbo, Hawks Nest, Mertondale, Christmas Well and Kowtah projects.



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