QUARTERLY REPORT for the Quarter Ended 30June2017

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:

141,538,659 ordinary shares.
20,418,862 partly paid shares ($0.20 unpaid).

Options – Unquoted

- 4,000,000 options exercisable at$0.17 on or by 31 December 2017
- 150,000 options exercisable at $0.18 on or by 31 December 2017

Cash: $0.73m

Directors:

George Sakalidis
Managing Director

Eric Lim
Non-Executive Chairman

Julien Sanderson
Non-Executive Director

Company Secretary
Ben Donovan

HIGHLIGHTS

- Shallow-dipping gold mineralized shear zone at **HN3** is open both to the north and south and a drilling programme is planned to test this 150m-wide zone over a 500m length. There are 52 intercepts with more than 0.5g/t Au and 18 intercepts with more than 1g/t Au, generally being 1 to 4m thick with the highest value of 1m @ 13g/t Au from 22m in hole HNRC007.
- At the **HN5** target a 750m-long N–S target zone has been defined by rock chip sampling with grades between 0.04 to 3.8g/t Au, RAB drilling and some RC drilling. A programme of soil sampling is being carried out over this target area as well as the adjoining Emerald workings to define anomalous gold targets within this 750m-long target.
- Rock chip sampling at **HN4** has shown highly anomalous values ranging from 0.07 to 51.7g/t Au within two cherty ironstone (BIF) horizons, one of which has been traced intermittently for about 750m with evidence of old prospecting pits along its length. Eight of the 17 samples had over 1g/t Au. Further infill soil sampling is currently being carried out.
- At **HN6** a 1.5km-long arcuate magnetic trend with some old gold diggings has anomalous gold in the range 0.06 to 0.70g/t Au recorded in amphibolite. A programme of soil sampling over the target zone is in progress.
- Shallow RAB drilling of aeromagnetic targets at the **Mertondale and Christmas Well Projects**, below the hardpan cover has identified eight targets totalling 6.8km containing gold and multielement anomalies This field work indicates that hardpan (cemented colluvium) cover is widespread and likely to render historical soil surface sampling ineffective opening up the Mertondale and Christmas Well Projects.
- Magnetic Resources NL has executed a Term Sheet for the acquisition by Northam Iron Pty Ltd of Magnetics **Mt Joy, Ragged Rock, Kauring and Jubuk iron ore Projects.**

Gold Projects Summaries

Hawks Nest E38/3127 Four Large Targets Defined Including A Wide Shallow Open Drilling Target At HN3 At Hawk Nest

Magnetic has completed a programme of RC drilling (13 holes for 1,900m) and shallow vertical RAB drilling (150 holes, 1,581m) on geophysical and geological targets at its Hawks Nest exploration licence (E38/3127) approximately 15km SW of Laverton. The target areas and drilling locations are summarized in Figure 1 and Appendix 1 with the drilling results summarized in Tables 1 and 2 and as follows. Soil sampling programmes are currently underway on targets HN4, 5 and 6. Further drilling is planned at target HN3 to extend the mineralized zone to the north and south.

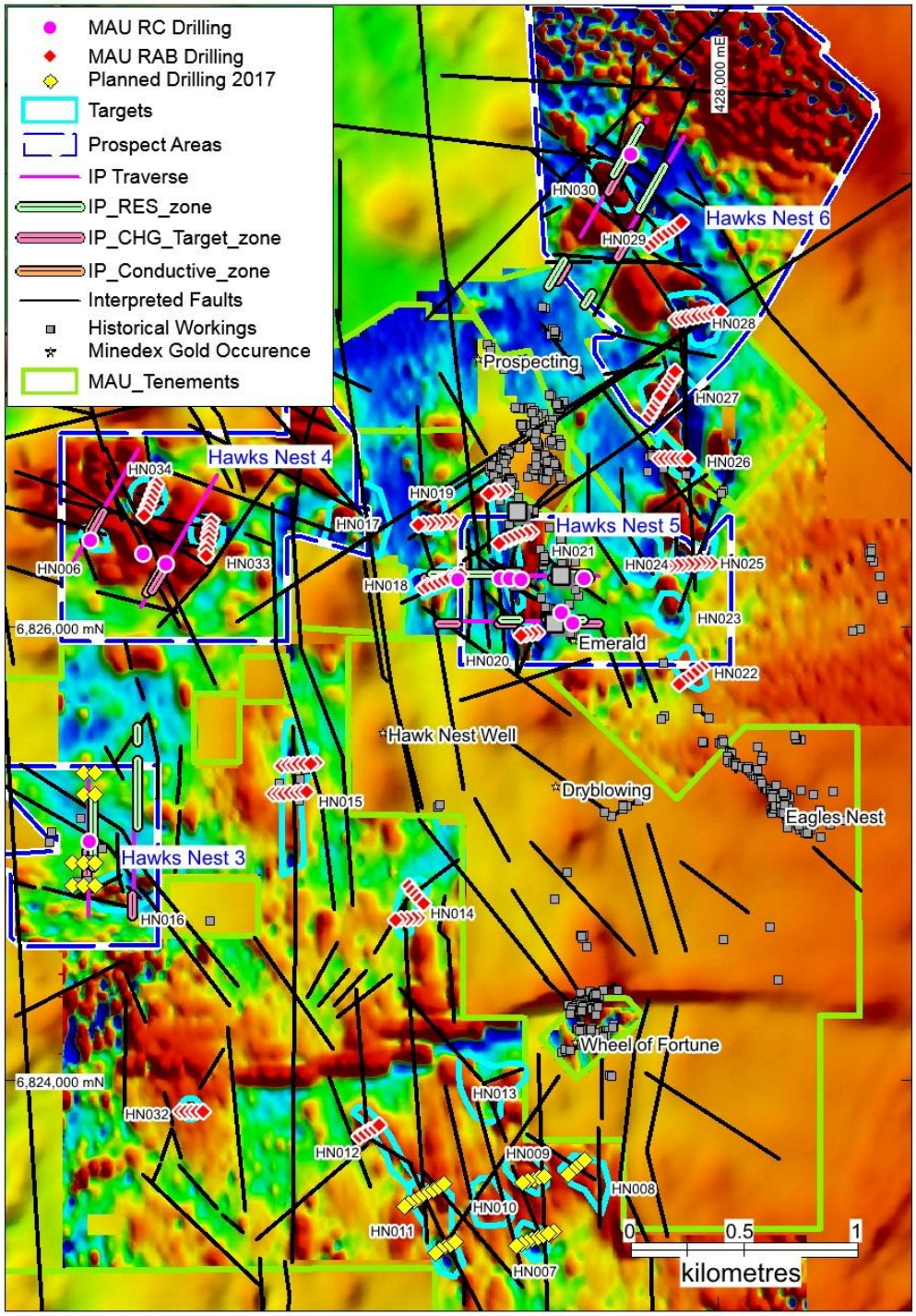

Figure 1. Hawks Nest E38/3127 Ground magnetics and Prospects HN3 to HN6

Hawks Nest 3

Drill hole MHNRC02 was targeted at an IP chargeability anomaly in an area of historical drilling with shallow gold intersections. Rock types evident from previous drilling include meta-sediment (including carbonaceous shale), porphyry and carbonate rock.

MHNRC02 intersected a sequence of meta-sediment, carbonate rock and porphyry. Intersections include 3m @ 0.88g/t Au from 33m and anomalous 4m intervals with more than 0.1g/t Au as shown in Table 1.

3D modelling of these results with the historical drilling indicates a shallow (20 to 30m depth) N-trending 150m-wide mineralized shear zone dipping shallowly (10°-20°) to the west over a 150m strike length. Historical drilling to the north and south appears to have been far too shallow to intersect this interpreted mineralized position.

There are 52 intercepts with more than 0.5g/t Au and 18 intercepts with more than 1g/t Au, generally being 1 to 4m thick with the highest value of 1m @ 13g/t Au from 22m in hole HNRC007 (Table 3).

Further drilling is being planned to test for extensions to the mineralization over a 500m strike length shown in green in Figure 2.

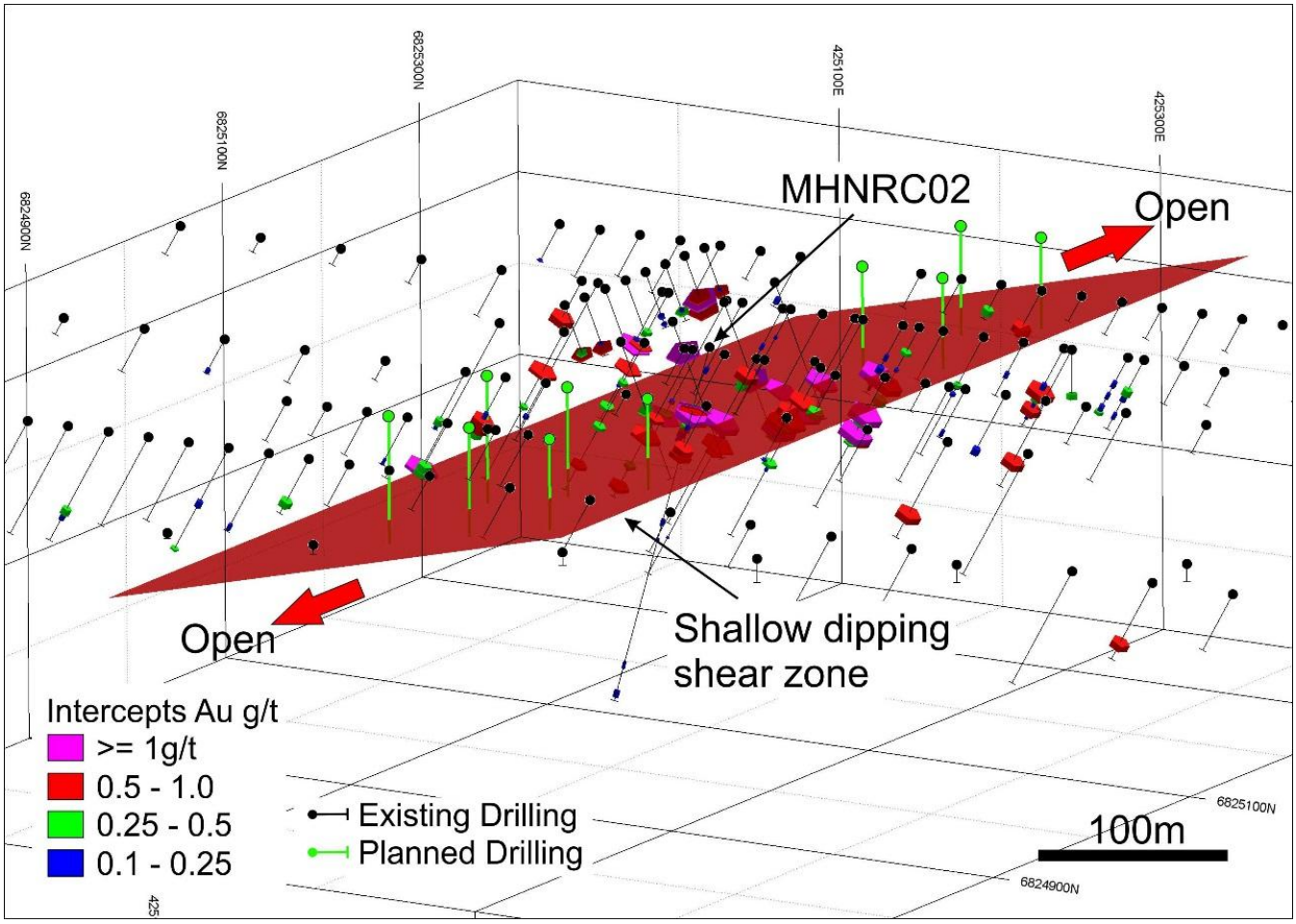

Figure 2. Hawks Nest E38/3127 HN3 Perspective plot of historical drilling showing shallow shear zone and gold mineralization being open to the north and south

Hawks Nest 5

This area comprises the Emerald workings, a series of NW-trending gold diggings over a 200m strike length which intersect and sinistrally displace a N–S trending magnetic anomaly flanked by a pronounced linear magnetic low about 750m in length. Rock sampling of old gold

diggings along this 750m zone has returned values ranging from 0.41 to 3.88 g/t Au (Figure 3). Some of these gold values occur in a magnetite-bearing amphibolite interpreted to underlie adjacent porphyry outcrops, which is thought to be the cause of the linear magnetic high.

RC drill holes MHNRC03, 04 and 05 tested this magnetic target, intersecting a sequence of basalt and porphyry with several 4m intercepts of anomalous gold in the range 0.1 to 0.2 g/t Au (Table 1). Drill holes MHNRC07 and 08 were targeted on IP chargeability anomalies, again intersecting a sequence of basalt-intruded porphyry with several 4m intercepts, mainly in porphyry, in the range 0.1 to 0.2 g/t Au (Table 1). The cause of the IP anomalies is not yet clear. Two drill holes were targeted on the down-dip extension of the Emerald workings. MHNRC19 intersected 1m @ 2.11g/t Au from 18m in a quartz vein in basalt and 1m @ 0.43g/t Au from 39m in basalt. MHNRC20 intersected 4m @ 0.1g/t Au from 74m in porphyry.

Three traverses of shallow geochemical RAB holes were drilled across the target zone, intersecting anomalous gold values in the range 58 to 104ppb Au. Additional RAB traverses across the western IP chargeability anomaly and over a magnetic anomaly to the north did not intersect anomalous gold (Figure 3).

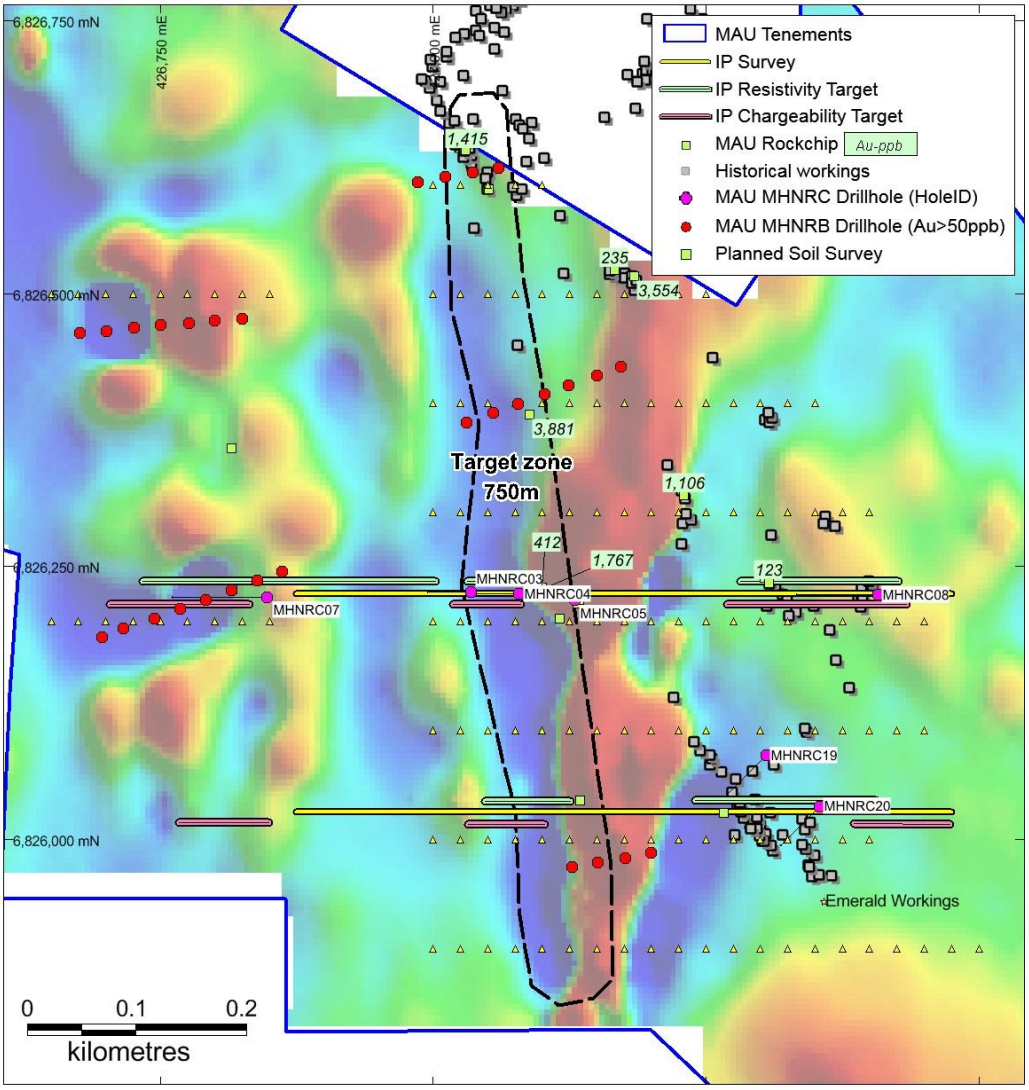

Figure 3. Hawks Nest E38/3127 HN5 target area on ground magnetics with current RAB and RC drilling and 750m target zone and proposed soil sampling programme

A programme of soil sampling is being carried out over the main 750m-long N–S target structure and over adjacent areas of the old Emerald diggings areas to identify additional potential drilling targets.

Hawks Nest 4

This prospect comprises an irregular magnetic anomaly approximately 700m x 500m in area with historical gold diggings and drilling. Sampling of old diggings and quartz-ironstone outcrops (possible deformed BIF) has returned gold values ranging from 72ppb to 51.7g/t Au. Wide-spaced historical soil sampling (200m x 100m) has outlined a gold-in-soil anomaly coinciding with the magnetic anomaly and old gold diggings.

Drill hole MHNRC01 was targeted at an IP chargeability anomaly on the SW margin of the magnetic anomaly (Figure 4). A sequence of basalts intruded by porphyries were encountered; however, there were no significant gold intersections. Disseminated pyrrhotite in the basalts appears to explain the IP anomaly.

Drill holes MHNRC16 and 17 (Figure 4) were targeted at the down dip extension of the gold diggings (the historic drilling is interpreted to have been drilled in the wrong direction and parallel to the dip of mineralised quartz-ironstone). Both holes failed to intersect significant gold mineralisation.

Geological mapping has identified at least two cherty ironstone (BIF) horizons, one of which has been traced intermittently for about 750m with evidence of old prospecting pits along its length (Figure 4). Rock chip sampling has shown highly anomalous values ranging from 0.071 to 51.7g/t Au. Eight of the 17 samples had over 1g/t Au (Figure 4).

Infill soil sampling is currently being carried out to better define the geochemical gold anomaly and to clarify the geological structure, which appears to be complex prior to further drilling.

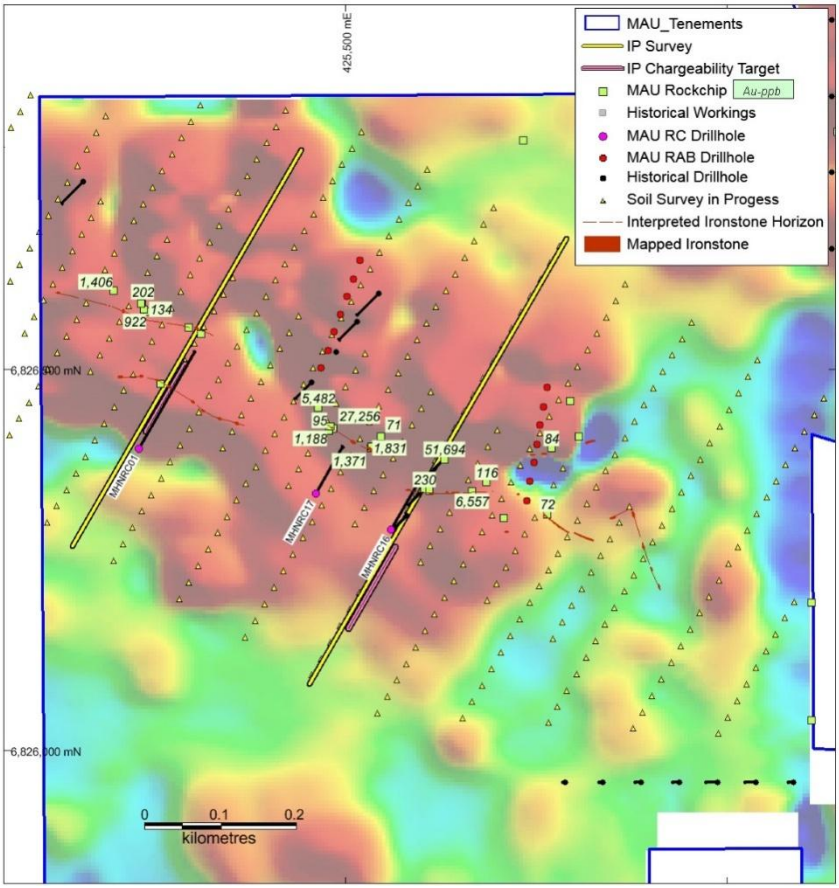

Figure 4. Hawks Nest E38/3127 HN4 target area on ground magnetics showing anomalous rock chip samples and newly mapped quartz ironstone

Hawks Nest 6

This prospect comprises a 1.5km-long arcuate magnetic trend with some old gold diggings. Drill hole MHNRC15 was targeted on an IP chargeability anomaly at the northern end of this trend, intersecting a sequence of basalt intruded by porphyry, with one anomalous 4m intercept of 0.16g/t Au from 170m in porphyry. Wide-spaced shallow geochemical traverses were carried out over selected magnetic targets with anomalous gold in the range 0.06 to 0.70g/t Au recorded in amphibolite in several locations (Figure 5). The RAB drilling indicates a shallow in situ regolith suitable for soil sampling**. A programme of soil sampling over the target zone is in progress to help better refine future gold drill targets along this 1.5km long trend.**

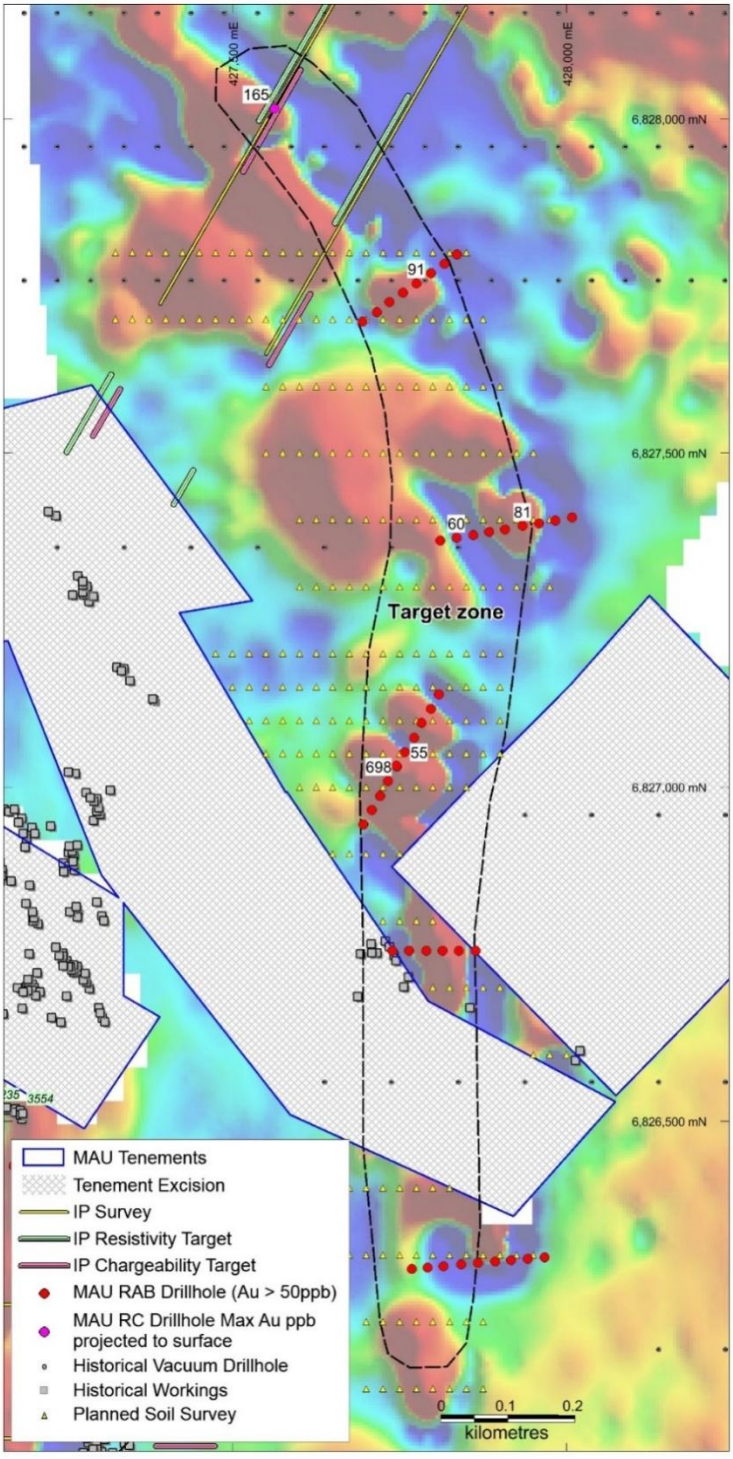

Figure 5. Hawks Nest E38/3127 HN6 target area on ground magnetics current RAB and RC drilling and planned soil programme

Hawks Nest 7

This prospect is situated at the northern end of E38/3127 and comprises a mafic–ultramafic contact previously explored for nickel. Historical drill hole LJA0035 intersected 2m @ 110g/t Au from 38m in an interpreted shear zone on this contact (refer MAU ASX release 18 April 2016 for details) and is recorded as the Marabou gold occurrence. Weakly anomalous gold in the range 42 to 68 ppb Au was intersected in scout vertical RABdrilling over a 4m interval in holes MHNRAB128, 129, 134 and 138. (Figure 6). Further RAB drilling is planned on this shear zone to investigate the extent of the mineralization intersected in hole LJA0035.

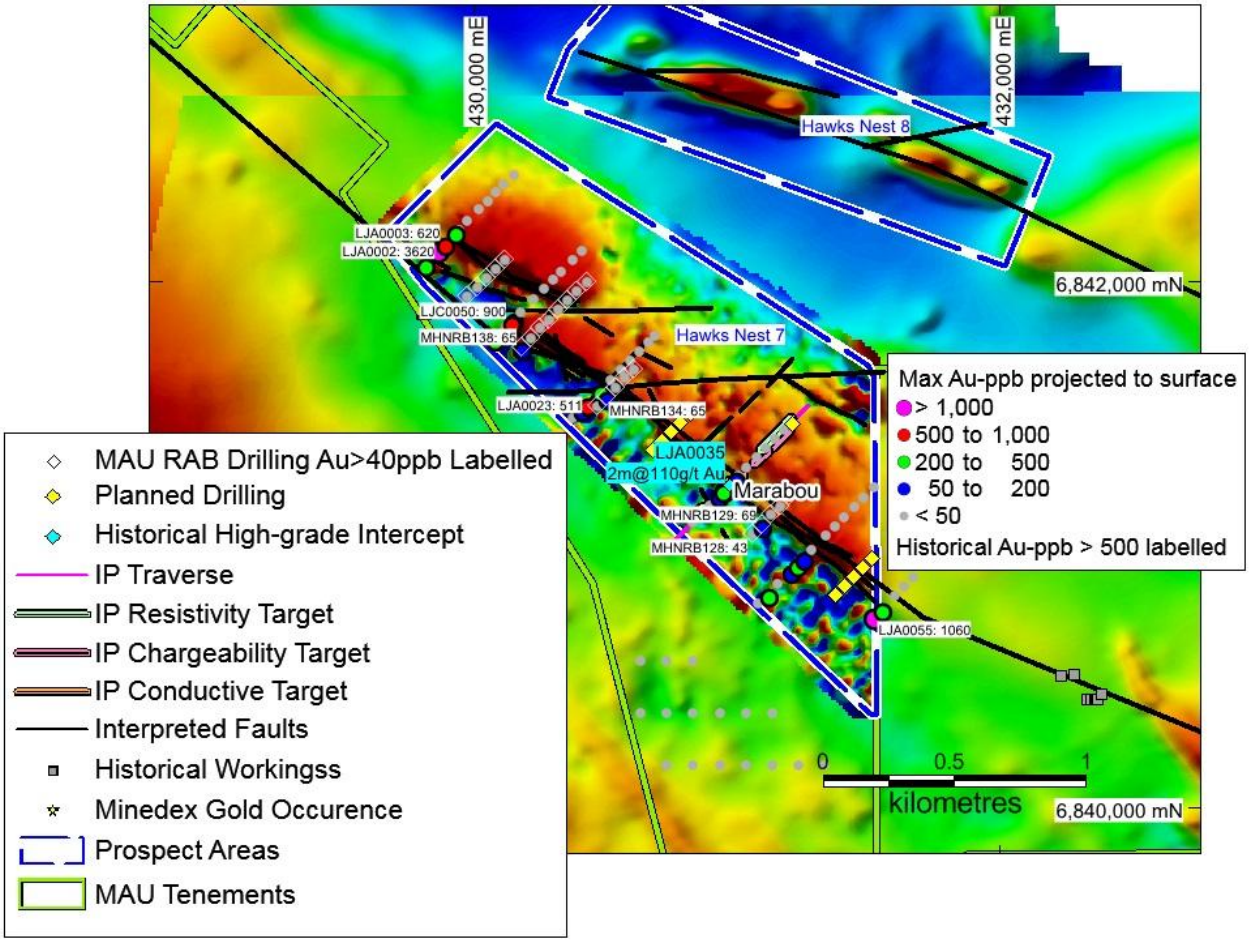

Figure 6. Hawks Nest E38/3127 HN7 (Marabou) target area on ground magnetics showing RAB drilling and historical high-grade intercept

Other Hawks Nest Targets

Wide-spaced shallow scout vertical RAB drilling was carried out over magnetic targets at HN007, HN008, HN009, HN011, HN012, HN014 and HN015 (Figure 1). Results were generally low except for anomalous gold values in MHNRB097 (53ppb Au) and MHNRB099 (214ppb Au) at target HN015; and HNRB133 (88ppb Au) at target HN014. These results are being followed up in the field.

Mt Jumbo Shear Zone

One drill hole, MMJRC05, was drilled on the SW strike extension of the Mt Jumbo shear zone (refer to MAU March 2017 Quarterly Report for details of Magnetics' previous drilling). The hole was targeted to test down dip of historical intersections of 15m @ 2.4g/t Au from 94m in hole AXC013 and 3m @ 9.1g/t Au from 138m in hole AXC014 (Figure 7). The hole intersected

mafic rocks to 171m and then a sequence of shale (including carbonaceous shale) and cherty ironstone from 171 to 221m, above a footwall ultramafic before being terminated at 229m.

Best intersection in 4m composite samples was 4m @ 1.07g/t Au from 180m in ferruginous clay, cherty ironstone and carbonaceous shale (Table 1). The interval from 184m to 216m contained anomalous gold in the range 0.03 to 0.32g/t Au.

High water flows were encountered in the target zone which, combined with broken ground conditions, resulted in poor sample recoveries ranging from 20 to 50%, with much of the ferruginous clayey material being washed away leaving mainly chert. The loss of the ferruginous material could potentially result in the underestimation of the gold grade. Several 1m samples from the target zone 180–221m are currently being assayed.

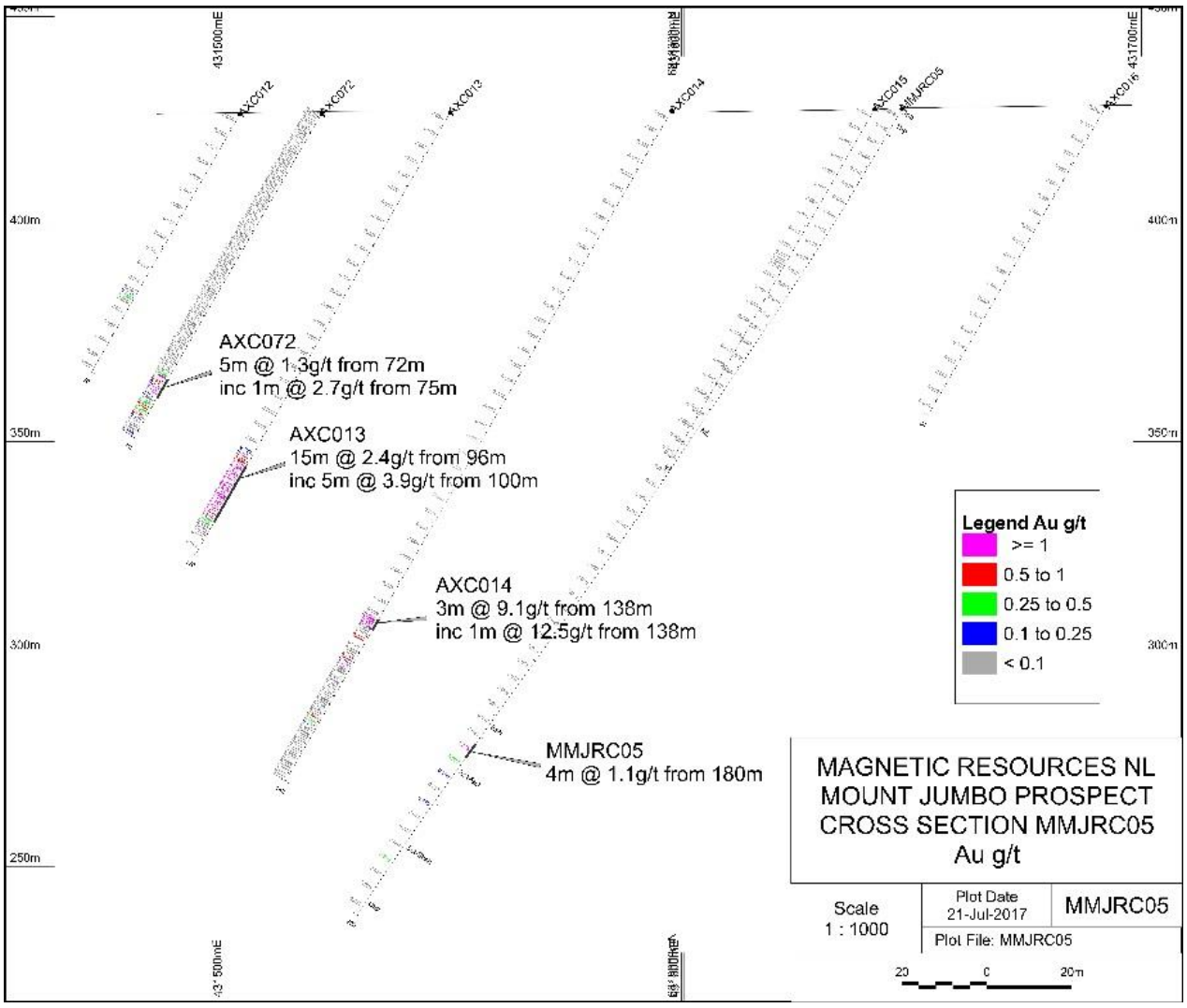

Figure 7 – Hawks Nest E38/3127 MMJRC05 Drill Section with historical drilling

Table 1. Hawks Nest E38/3127 **Magnetic Resources NL's RC drilling showing anomalous gold intercepts**

Drillhole Number	Prospect	From m	To m	Intercept	Au g/t
MHNRC01	HN4				nsi
MHNRC02	HN3	33	36	3	0.88
		44	48	4	0.15
		56	60	4	0.11
		96	100	4	0.11
		104	108	4	0.26
		176	180	4	0.10
		192	196	4	0.17
MHNRC03	HN5	0	4	4	0.16
		16	20	4	0.10
		36	40	4	0.11
		64	68	4	0.10
MHNRC04	HN5	4	8	4	0.19
		60	64	4	0.12
		72	76	4	0.17
MHNRC05	HN5	20	24	4	0.20
		48	56	8	0.15
MHNRC07	HN5	12	16	4	0.18
MHNRC08	HN5	8	12	4	0.20
		40	44	4	0.11
		60	64	4	0.11
		116	120	4	0.16
MHNRC15	HN6	188	192	4	0.16
MHNRC16	HN4				nsi
MHNRC17	HN4				nsi
MHNRC19	HN5	18	19	1	2.11
		39	40	1	0.43
		48	52	4	0.12
		56	60	4	0.15
MHNRC20	HN5	76	80	4	0.10
MMJRC05	MJS	180	184	4	1.07

4m composite samples; nsi: no significant intersection

Table 2. Hawks Nest E38/3127 Anomalous (Au>= 40ppb) RAB Intercepts

Prospect	Hole_Id	East	North	From	To	Gold
		MGAz51	MGAz51	Metres	Metres	ppb
Hawks Nest 6	MHNRB020	427746	6827031	0	4	699
Hawks Nest 6	MHNRB021	427758	6827052	0	4	55
Hawks Nest 6	MHNRB021	427758	6827052	4	8	50
Hawks Nest 6	MHNRB028	427835	6827373	8	11	60
Hawks Nest 6	MHNRB032	427934	6827391	0	4	81
Hawks Nest 6	MHNRB032	427934	6827391	4	5	41
Hawks Nest 6	MHNRB040	427775	6827754	0	3	91
Hawks Nest 5	MHNRB052	427151	6825979	0	3	85
Hawks Nest 5	MHNRB053	427127	6825975	0	4	58
Hawks Nest 5	MHNRB054	427172	6826433	0	2	48
Hawks Nest 5	MHNRB058	427078	6826399	4	6	62
Hawks Nest 5	MHNRB061	427060	6826615	16	20	54
Hawks Nest 5	MHNRB061	427060	6826615	20	22	104
Hawks Nest 5	MHNRB066	426800	6826475	0	4	43
Hawks Nest 5	MHNRB070	426701	6826466	0	4	41
Hawks Nest 3East	MHNRB097	426059	6825276	20	24	53
Hawks Nest 3East	MHNRB099	426109	6825280	0	4	48
Hawks Nest 3East	MHNRB099	426109	6825280	24	26	214
Hawks Nest 3East	MHNRB123	426675	6824729	16	20	88
Hawks Nest 7	MHNRB128	431063	6841038	36	40	43
Hawks Nest 7	MHNRB129	431101	6841073	24	28	69
Hawks Nest 7	MHNRB129	431101	6841073	28	29	60
Hawks Nest 7	MHNRB134	430507	6841561	12	16	42
Hawks Nest 7	MHNRB134	430507	6841561	16	20	65
Hawks Nest 7	MHNRB134	430507	6841561	20	24	42
Hawks Nest 7	MHNRB134	430507	6841561	24	28	49
Hawks Nest 7	MHNRB134	430507	6841561	28	32	44
Hawks Nest 7	MHNRB138	430185	6841748	16	20	65
Hawks Nest 7	MHNRB138	430185	6841748	20	24	54

Table 3. Hawks Nest E38/3127 HN3 Historical Anomalous (Au≥ 0.5g/t) RC/RAB Intercepts

Hole_Id	Easting	Northing	From	To	Gold
	MGAz51	MGAz51	Metres	Metres	ppm
98MERB0432	424538	6825074	30	31	0.58
HNB001	425108	6825126	35	36	0.63
HNB002	425108	6825147	36	37	0.60
HNB007	425108	6825245	29	30	0.66
HNB007	425108	6825246	31	32	1.20
HNB007	425108	6825250	38	39	0.92
HNB008	425108	6825266	31	32	0.56
HNRC007	425177	6825117	22	23	13.00
HNRC008	425179	6825183	56	57	1.00
MHNRC02*	425223	6825050	34	35	1.33
MHNRC02*	425223	6825049	35	36	0.85
TFB021	425667	6824758	40	44	0.54
TFB034	425271	6825158	32	36	1.09
TFB035	425373	6825158	28	32	0.83
TFB035	425367	6825158	40	44	0.58
TFB072	425075	6825158	24	28	0.72
TFB073	425120	6825158	36	37	1.60
TFB074	425190	6825158	44	48	0.68
TFB075	425212	6825158	52	53	3.63
TFB094	425300	6825258	24	28	0.57
TFB102	425217	6825058	40	44	1.01
TFB104	425271	6825068	32	36	0.67
TFB104	425267	6825068	40	44	0.97
TFB104	425265	6825068	44	48	1.02
TFB106	425325	6825058	24	28	1.50
TFB106	425319	6825058	36	40	1.48
TFB110	425417	6825058	40	44	0.67
TFB127	425148	6824958	28	32	0.66
TFB127	425146	6824958	32	36	0.58
TFB130	425273	6824958	28	32	0.59
TFB130	425271	6824958	32	35	0.66
TFB133	425413	6824958	48	52	0.73
TFC002	425124	6825158	35	36	0.70
TFC002	425116	6825158	51	52	0.83
TFC003	425138	6825158	79	80	4.55
TFC004	425172	6825158	92	93	0.98
TFC004	425169	6825158	97	98	0.51
TFC005	425236	6825158	42	44	3.39
TFC005	425225	6825158	64	66	2.24
TFC006	425278	6825158	38	42	0.82
TFC006	425259	6825158	76	78	0.66
TFC008	425048	6825058	98	100	1.16
TFC009	425124	6825058	26	28	0.85
TFC010	425146	6825058	82	84	0.50
TFC011	425194	6825058	46	48	0.52

TFC011	425188	6825058	58	60	0.91
TFC011	425171	6825058	92	94	0.62
TFC012	425236	6825058	42	44	2.02
TFC012	425235	6825058	44	46	1.27
TFC013	425286	6825058	22	24	0.86
TFC013	425279	6825058	36	38	0.87
TFC014	425325	6825058	24	26	1.02

*Magnetic Resources NL current programme.

Appendix 1 - RC Drilling Summary

HoleID	Depth m	RL	Azi	Dip	MGAz51_East	MGAz51_North	Target
MHNRC01	228	434	30	-50	425229	6826396	HN4
MHNRC02	198	418	180	-60	425223	6825067	HN3
MHNRC03	80	440	270	-60	427035	6826227	HN5
MHNRC04	90	441	270	-60	427079	6826225	HN5
MHNRC05	98	441	270	-60	427130	6826219	HN5
MHNRC07	174	437	270	-60	426848	6826222	HN5
MHNRC08	150	439	270	-60	427408	6826224	HN5
MHNRC15	222	423	210	-60	427610	6828098	HN6
MHNRC16	120	436	30	-50	425560	6826290	HN4
MHNRC17	111	435	30	-50	425461	6826337	HN4
MHNRC19	100	444	225	-60	427305	6826077	HN5
MHNRC20	100	444	225	-60	427354	6826030	HN5
MMJRC05	229	428	290	-60	431650	6818280	MJS
Total	**1900**						

6KM OF GOLD GEOCHEMICAL TARGETS IDENTIFIED AT MERTONDALE

Mertondale

Magnetic Resources has carried out reconnaissance shallow geochemical drilling on several target areas within the 81sq.km exploration licence E37/1258 at Mertondale, 20km NW the Cardinia Gold Project (193,000oz) and only 5km west of the Mertondale Deposit (395,000oz).

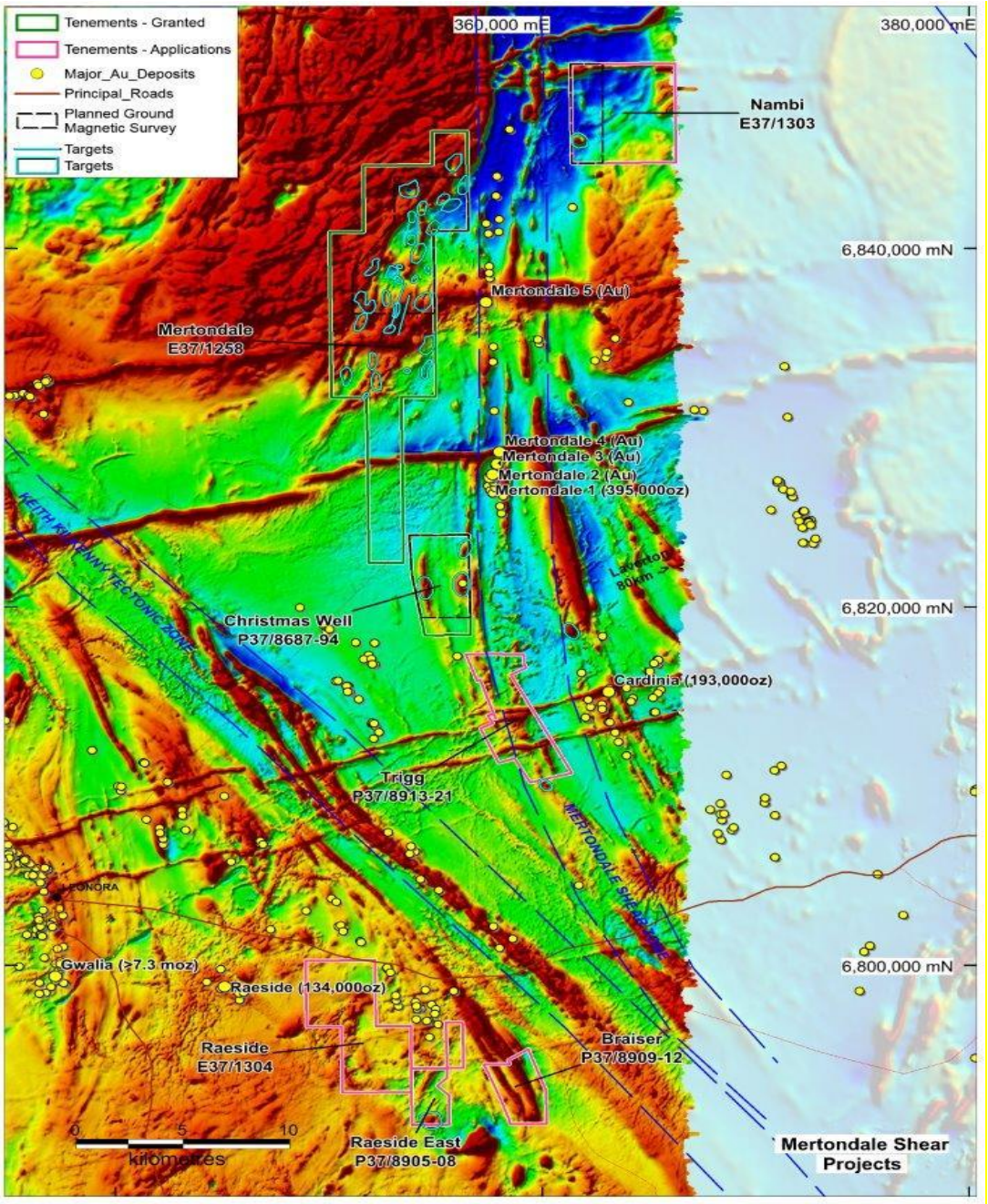

Figure 8 Mertondale, Christmas Well, Trigg, Raeside, Raeside East, Braiser and Nambi Projects. Showing major shear zones, targets and Gold deposits and historic workings.

The drilling forms part of a programme to test numerous target areas identified from interpretation of detailed 100m spaced aeromagnetic image data on its extensive tenement holdings in the Leonora area (Figure 8). Field work at Mertondale indicates that hardpan (cemented colluvium) cover is widespread and likely to render historical soil surface sampling ineffective. Sampling below the hardpan cover is likely to be much more effective in testing for

the presence of gold mineralisation. Shallow RAB drilling (1 to 5m depth) at 50m intervals along scout lines 400m apart was carried out over 22 target areas with anomalous gold and pathfinder elements being identified at 7 of these targets as summarised in Figure 9.

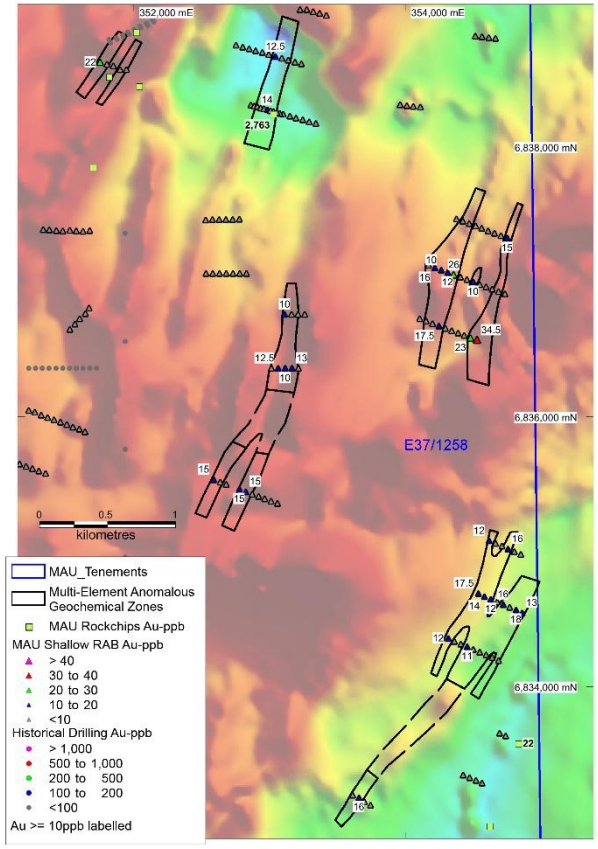

Figure 9 Shallow RAB geochemical targets superimposed on aeromagnetics

Anomalous gold values in highly leached saprolite below hardpan range from 10 to 35ppb compared to background values of 1 to 4ppb. Significantly, many of the anomalous gold values are supported in the same or adjacent holes by anomalous pathfinder elements such as silver, bismuth, arsenic, molybdenum and tungsten which indicate coherent trends around 1km of strike, open along strike, and with potential to extend over an aggregate strike length of six kilometres.

Magnetic is encouraged by these initial results from an area in a promising geological setting for gold where previous exploration is likely to have been ineffective and where very little historical drilling has been carried out. A programme of follow up geochemical drilling is being planned, to test the extent of the anomalous zones and to identify targets for deeper drilling.

ROBUST GEOCHEMICAL GOLD TARGETS AT WHEEL OF FORTUNE AND CHRISTMAS WELL

Wheel of Fortune

Soil sampling at Wheel of Fortune, part of Magnetic Resources NL's 100% owned Hawks Nest project (E38/3127), 15km southwest of Laverton, has mainly outlined two NNW-trending gold anomalies within a 250m x 150m area, as shown in Figure 10.

A detailed ground magnetic survey indicates two north-trending magnetic zones (Figure 11) with the western magnetic anomaly having an anomalous gold western contact with **soil gold values up to 33.9g/t (33900ppb), 1.1g/t and 0.6g/t** with some workings on the northern end. After some field checking, AC drilling is planned to test this highly anomalous gold zone.

Gold values in the eastern anomalous zone range from 141 to 607ppb Au (Figure 10 and 11) and are generally associated with the western to central parts of a well-defined eastern magnetic anomaly assumed to be mafic rocks. A series of shallow historical diggings occurs in the area in both meta-basalt and porphyry rock types. Shallow historical drilling, as shown in Figure 10 does not appear to have tested all the eastern gold anomaly.

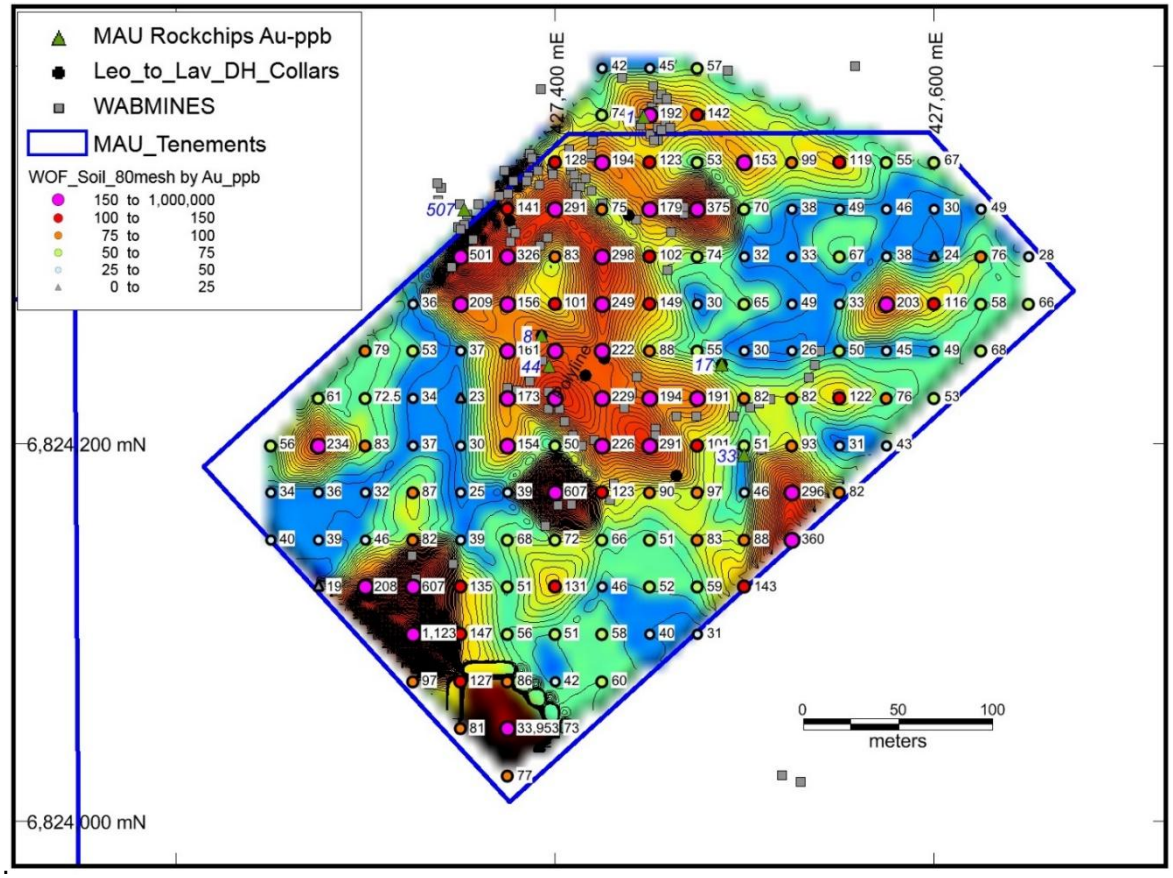

Figure 10. Wheel of Fortune Gold geochemistry, historical workings and drill holes

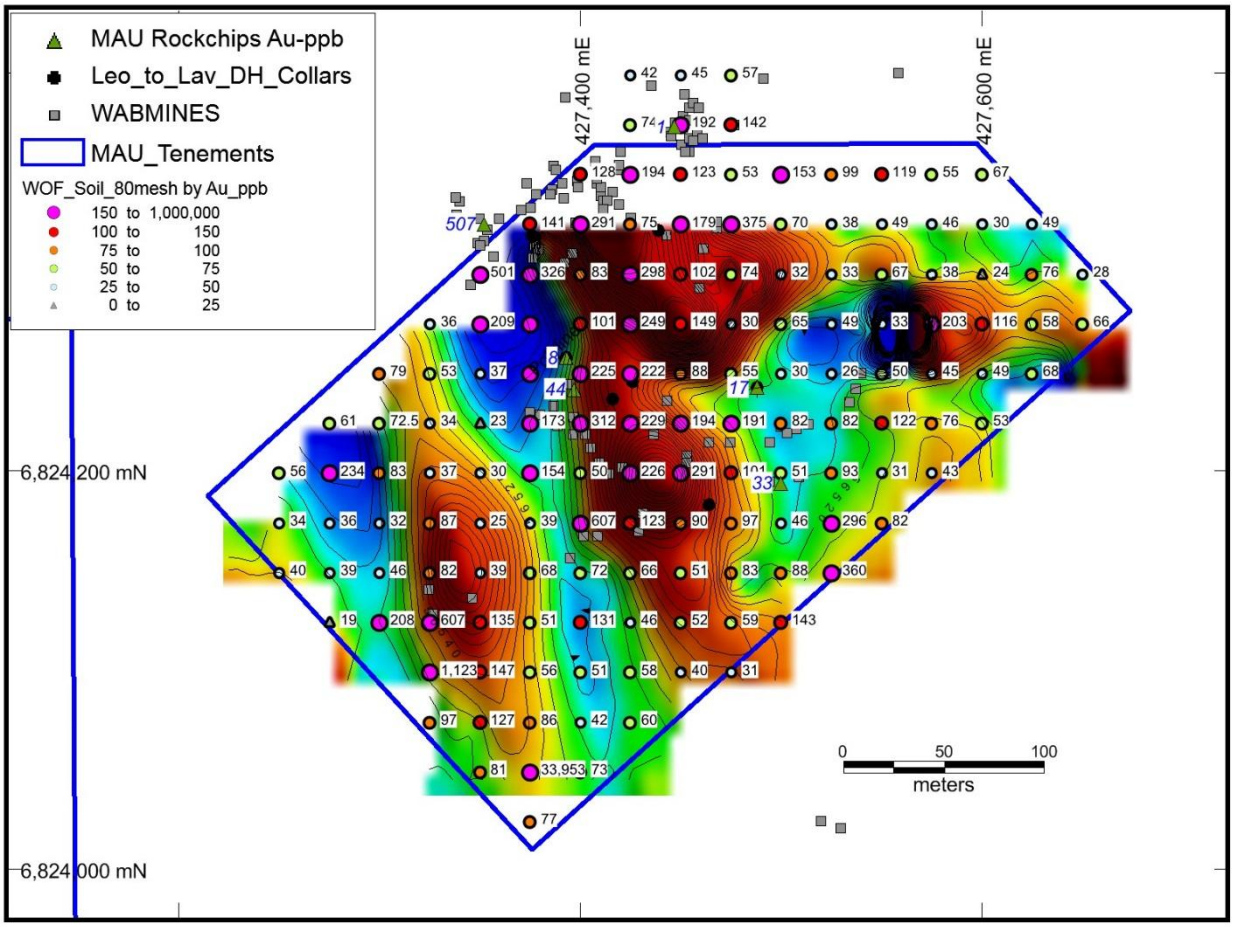

Figure 11. Wheel of Fortune Ground magnetic image, gold geochemistry, historical workings and drill holes

Christmas Well

Shallow RAB (<4m) below hardpan geochemical sampling have been carried out at the Christmas Well project (P37/8687–8694) 10km NW of Kin Mining's Cardinia project.

A significant 800m-long N–S anomalous gold zone, which is open to the north and south has been defined with values up to 194ppb and 39.7g/t (39,730ppb) centred on the historical Triumvirate workings (Figure 12). Historically similar high grades were mined with 1500g of gold being recovered from 50 tonnes of ore extending over 110m of workings, striking SSE in a vertically dipping quartz lode hosted by meta-basalts near the contact with felsic schists (WAMEX report A27915).

This N–S structural zone is parallel and close to the Mertondale shear zone where a number of significant mines have been mined including Mertondale 1,2,3,4,5 (395,000oz) and the recent Kin Mining Discovery at Cardinia (>193,000oz). Magnetic Resources is encouraged by these early geochemical results and 10 new shallow RAB lines are planned, shown in yellow in Figure 3, to both infill and extend this anomalous gold geochemical zone.

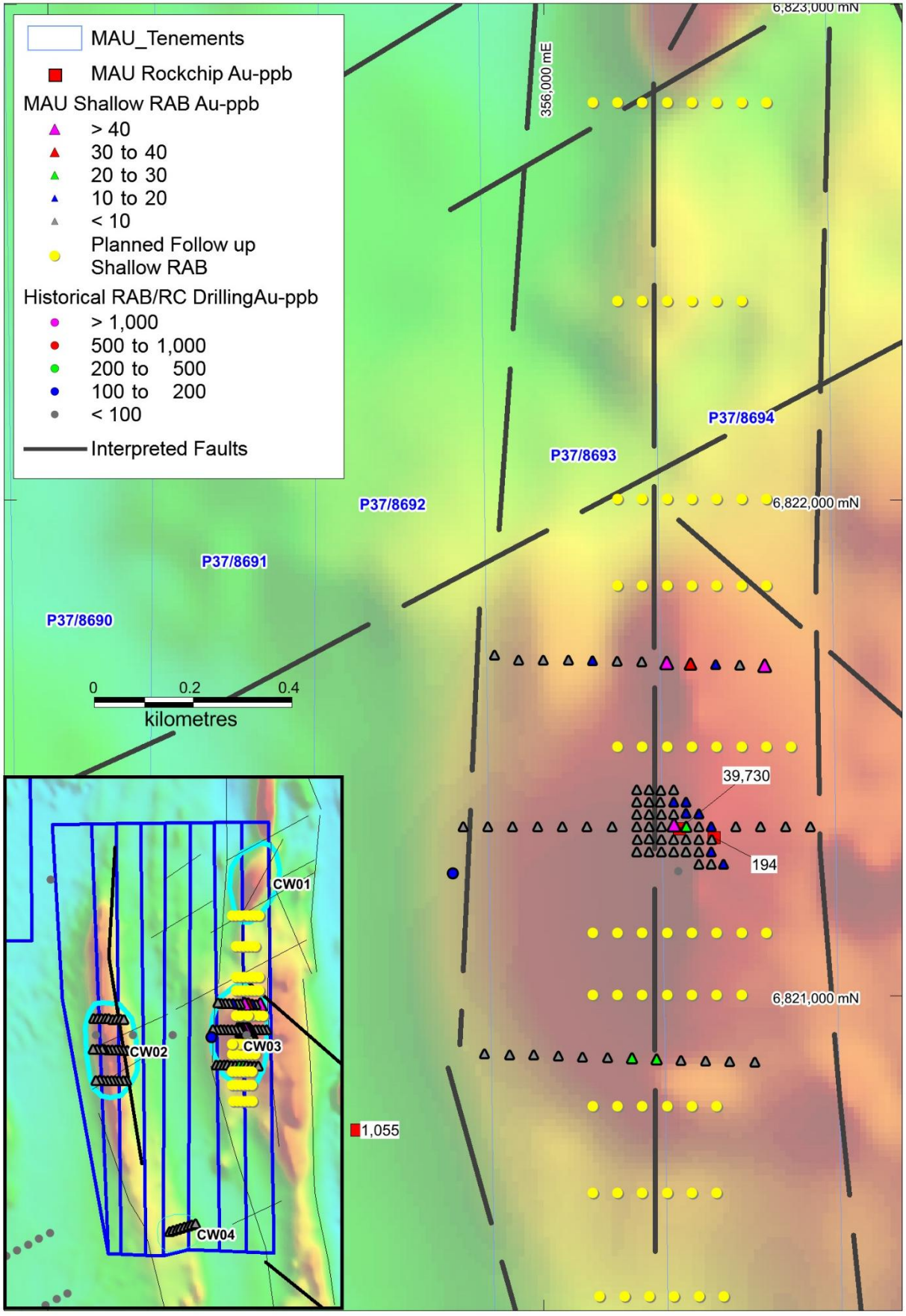

Figure 12. Christmas Well Shallow RAB Results, Aeromagnetics Image

OTHER PROJECTS

The Company is still reviewing other projects and tenements for acquisition and development within the Leonora-Laverton region.

IRON ORE PROJECTS

Magnetic Enters Into Purchase Agreement Over Mt Joy, Kauring, Ragged Rock And Jubuk Projects

Magnetic Resources NL (the **Company** or **Magnetic**) is pleased to announce that it has executed a Term Sheet for the acquisition by Northam Iron Pty Ltd (**Northam Iron**) of Magnetic's Mt Joy, Ragged Rock, Kauring and Jubuk iron ore Projects (the **Tenements** or **Areas of Mutual Interest (AMI**).

The key terms for the proposed purchase are summarised below.

Consideration

The consideration payable by Northam Iron to Magnetic for the Tenements is comprised of the following components:

a) After satisfactory Due Diligence is completed, a Payment of $500,000 is due by 1 November 2017 to Magnetic;

b) A payment of $1,000,000 is due to be paid to Magnetic by 14 July 2020 (**Milestone Payment**); and

c) Northam Iron will grant a royalty to Magnetic based on the sale price of all iron ore product extracted and sold from the Tenements. The Royalty rate will be:

   $0.25/t for a sale price of $80.00/t or less,

   $0.50/t for a sale price of $90.00/t to $100.00/t;

   $0.75/t for a sale price of $100.00/t to $110.00/t;

   $1.00/t for a sale price of $110.00/t to $120.00/t;

   $1.25/t for a sale price of $120.00/t to $130.00/t;

   $1.50/t for a sale price of $130.00/t to $140.00/t;

   $1.75/t for a sale price of $140.00/t to $150.00/t;

   $2.00/t for a sale price above $150.00/t; and

   Thereafter, for every increase in the sale price of $10.00/t the royalty rate will increase by $0.25/t.

The payment of the Milestone Payment of $1,000,000 is subject to and conditional upon the following conditions precedent being satisfied by 14 July 2020;

d) A minimum of 100,000,000 tonne JORC 2012 compliant iron ore inferred resource being certified by a competent person as existing within any of the Tenements or AMI, in any number of deposits in any one or more of the Tenements or the AMI provided that in aggregate the total resources is equal to or greater than 100,000,000 tonnes of iron ore;

e) Northam Iron receiving all approvals, consents and authorities required under the Mining Act 1978 to commence mining of at least 2,000,000 tonnes per annum on any one or more of the Tenements or within the AMI;

f) Northam Iron receiving all approvals, consents and authorities required under all Environmental legislation to commence mining and development on any one or more of the Tenements or the AMI; and

g) Northam Iron receiving all other statutory approvals, consents and authorities required to commence mining and development on any one or more of the Tenements or the AMI.

If these conditions precedent are not met and the Milestone payment is not paid by 14 July 2020, Northam Iron agrees to pay to Magnetic a development delay payment of $500,000 within 30 days.

In the event these conditions precedent are not met by 14 July 2023 and the Milestone Payment not made, Northam Iron agrees to pay Magnetic a further development delay payment of $500,000 within 30 days.

Northam Iron will be responsible for the payment of all rates, rents and meeting minimum commitments on the Tenements upon execution of the formal documentation.

Northam Iron may elect, in its absolute discretion and at any time prior to the Three Year Development Date, to waive compliance with the Development Conditions and pay the Milestone Payment to Magnetic

Timing

The parties will move towards finalisation of the Transaction upon the satisfaction of the following items on or before 1st of November 2017 or such later date as the parties agree in writing:

h) Completion by Northam Iron of due diligence enquiries with respect to the Tenements and being satisfied with the results of those enquiries in its absolute discretion, within 90 days;

i) Magnetic obtaining any shareholder and regulatory approvals required under the ASX Listing Rules for the transactions contemplated by the Transaction;

j) Execution of a tenement sale agreement and other relevant documentation including a Royalty agreement on normal commercial terms; and

k) Magnetic obtaining all relevant consents and approvals under the Mining Act, including the consent of the Minister, to the transfer of the Tenements

CORPORATE

On 3 April 2017, the Company announced the change of address to Level1, 44A Kings Park Road, West Perth.

On 19 April 2017, the Company announced a change of title for Mr George Sakalidis to Managing Director.

During May 2017, Mr George Sakalidis increased his shareholding in the Company through a series of on market purchases.

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	E70/4243	Granted	RAGGED ROCK	100%	100%
WA	E70/4508	Granted	KAURING	100%	100%
WA	E70/4528	Granted	KAURING	100%	100%
WA	E70/4692	Granted	MT JOY	100%	100%
WA	E77/2035	Granted	LAKE SEABROOK	Gold Rights Only	Gold Rights Only
WA	E38/3100	Granted	MT JUMBO	100%	100%
WA	P39/5594	Granted	KOWTAH	100%	100%
WA	P39/5595	Granted	KOWTAH	100%	100%
WA	P39/5596	Granted	KOWTAH	100%	100%
WA	P39/5597	Granted	KOWTAH	100%	100%
WA	P38/4201	Granted	MT JUMBO	100%	100%
WA	E37/1258	Granted	MERTONDALE	100%	100%
WA	P37/8687	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8688	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8689	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8690	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8691	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8692	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8693	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8694	Granted	CHRISTMAS WELL	100%	100%
WA	P39/5617	Granted	KOWTAH EAST	100%	100%
WA	E38/3127	Granted	HAWKS NEST	100%	100%
WA	E37/1302	Application	RAESIDE	100%	100%
WA	E37/1303	Application	NAMBI	100%	100%
WA	P37/8905	Application	RAESIDE EAST	100%	100%
WA	P37/8906	Application	RAESIDE EAST	100%	100%
WA	P37/8907	Application	RAESIDE EAST	100%	100%
WA	P37/8908	Application	RAESIDE EAST	100%	100%
WA	P37/8909	Application	BRAISER	100%	100%
WA	P37/8910	Application	BRAISER	100%	100%
WA	P37/8911	Application	BRAISER	100%	100%
WA	P37/8912	Application	BRAISER	100%	100%
WA	P37/8913	Application	TRIGG	100%	100%
WA	P37/8914	Application	TRIGG	100%	100%
WA	P37/8915	Application	TRIGG	100%	100%
WA	P37/8916	Application	TRIGG	100%	100%
WA	P37/8917	Application	TRIGG	100%	100%
WA	P37/8918	Application	TRIGG	100%	100%

WA	P37/8919	Application	TRIGG	100%	100%
WA	P37/8920	Application	TRIGG	100%	100%
WA	P37/8921	Application	TRIGG	100%	100%

Mining Tenements acquired during the Quarter

Nil					

Mining Tenements disposed during the Quarter

Nil					

For more information on the Company visit www.magres.com.au

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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.

Note:

Where historical exploration results are mentioned, the Company's Competent Person has examined these historical results and confirms that no additional work has been carried out to change the reporting of those results other than as disclosed in this announcement.