



magnetic resources^{NL}

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DRILLING PROGRAM FOR MAIDEN JORC RESOURCE AT MT JOY

HIGHLIGHTS:

- Magnetic Resources commences drilling of highly prospective Mt Joy targets
- Drill program is designed to delineate a maiden JORC resource over a small section of the newly acquired Mt Joy tenement.
- Historic diamond drilling records of the target provides very encouraging and invaluable information regarding the potential size of a future possible resource
- Historic diamond drill core will also allow for engineering design test work to be conducted to evaluate the processing facilities required for a future mining operation

INTRODUCTION:

Magnetic Resources NL (**Magnetic or the Company**) is very pleased to announce that the Company has commenced a drilling program designed to delineate a maiden JORC resource on a small but highly prospective area of the newly acquired Mt Joy tenement located within 6km of the town of Northam and the Trans Australian Railway Line which links to the Port of Kwinana.

The application for the Mt Joy tenement area was announced on 31 March 2015 and as outlined in that announcement, early engagement with the farmers in the area resulted in an agreement being reached over land containing a number of highly prospective anomalies.

Normally the Company would make an initial evaluation of the deposit with 1 or 2 drill holes to gain an understanding of the geology and potential thickness of mineralisation, however, in this case, the owner of the land was able to provide a substantial amount of information regarding historical diamond drilling which was carried out in the 1960's and this gave the Company sufficient confidence to commence a JORC drilling program without delay.

Historical Drilling

The information supplied by the owner of the land included geological logging of some 24 vertical diamond drill holes representing approximately 3017 metres of diamond drilling and also 17 percussion drill (PD) holes for about 321 metres over target MJ1 which were likely targeting DSO style material in the outcrop of the mineralisation. Unfortunately the assay data from this drilling could not be located, however, the half core remaining from the diamond drilling is still located on an adjacent farm and has been purchased by the Company.

Identification of the diamond core is ongoing and to date a substantial number of the holes have been identified which will prove to be invaluable in assessing the deposit and also conducting initial engineering design test work on the deposit. These engineering tests provide the key parameters to

design and cost a processing facility in the future. The diamond core can also be used for pit design test work as the project is further developed.

The location of the historical diamond holes are generally in the outcropping areas of the deposit which suggests that the previous Company was targeting a DSO style resource. This is further evidenced by the lack of drilling over one very prominent target to the south west, MJ2, that does not display substantial outcrop and was likely not drilled for this reason. The old maps have correlated very well with existing fence lines, roads and property boundaries. These locations have been plotted on the magnetic anomaly images for the area. It can be noted that the historical drilling does not extensively test the down dip potential of the deposit where the magnetic signature remains quite strong.

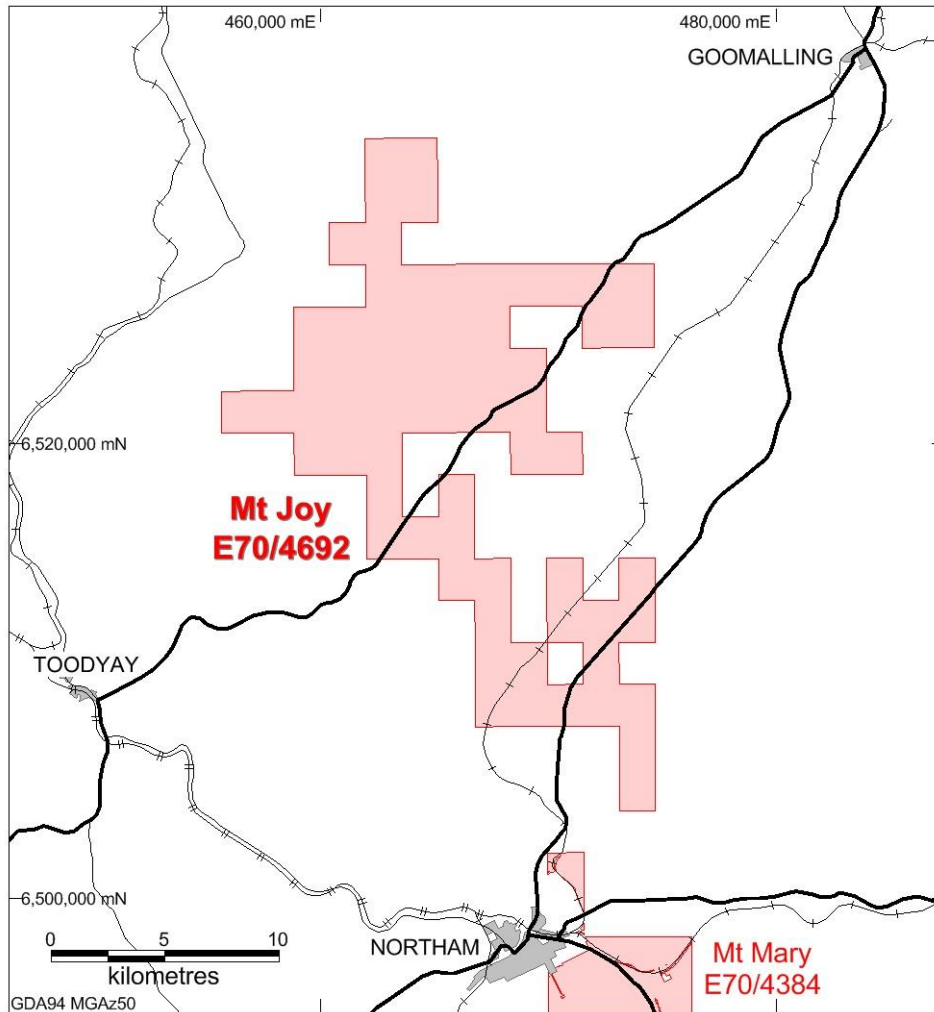


Figure 1: Mt Joy tenement location

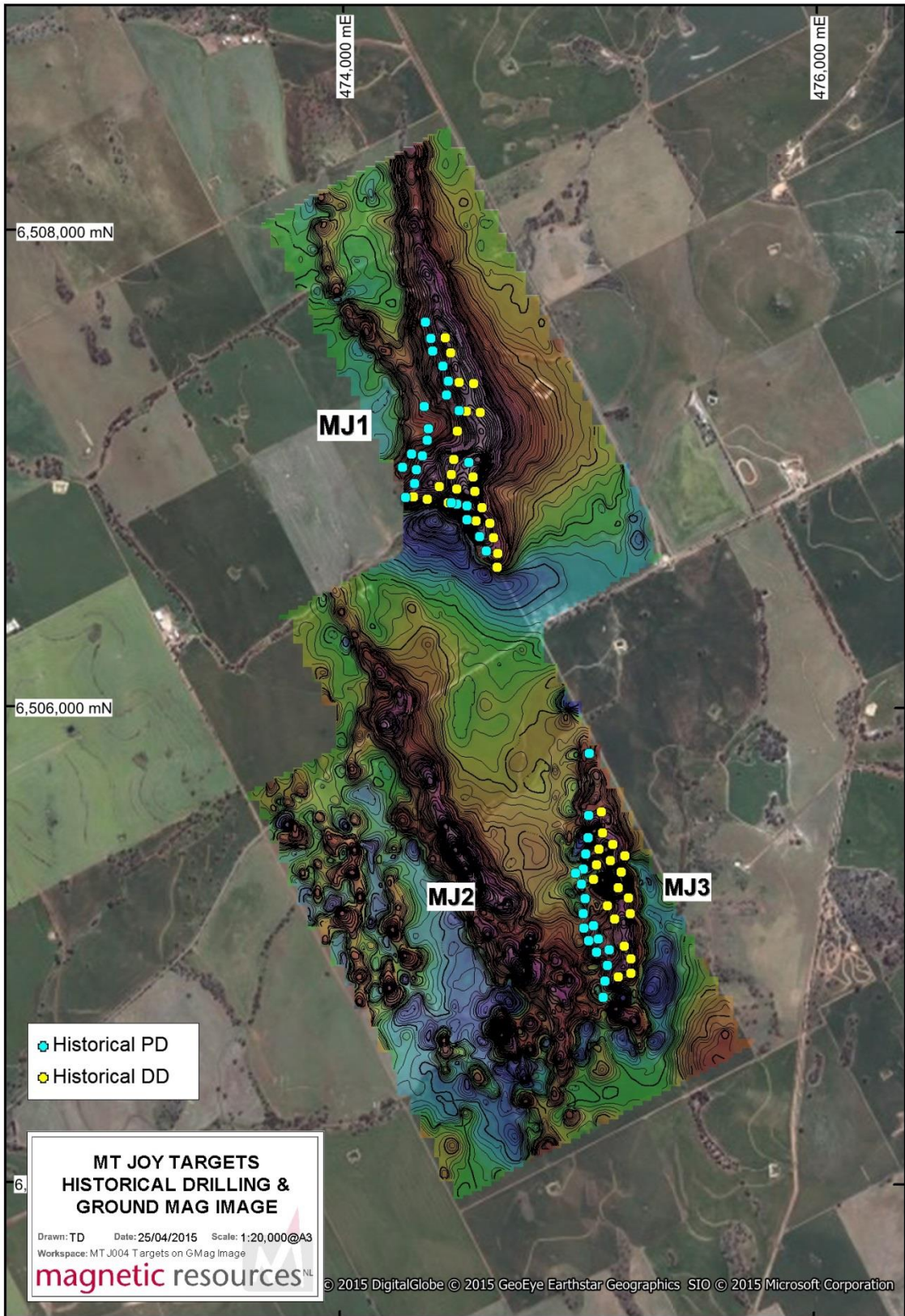


Figure 2: Historical drilling and TMI image

The Company entered all of the geological interpretation logs into a 3D model in order to gain a better understanding of the potential size of the deposit on this property as outlined in the following images.

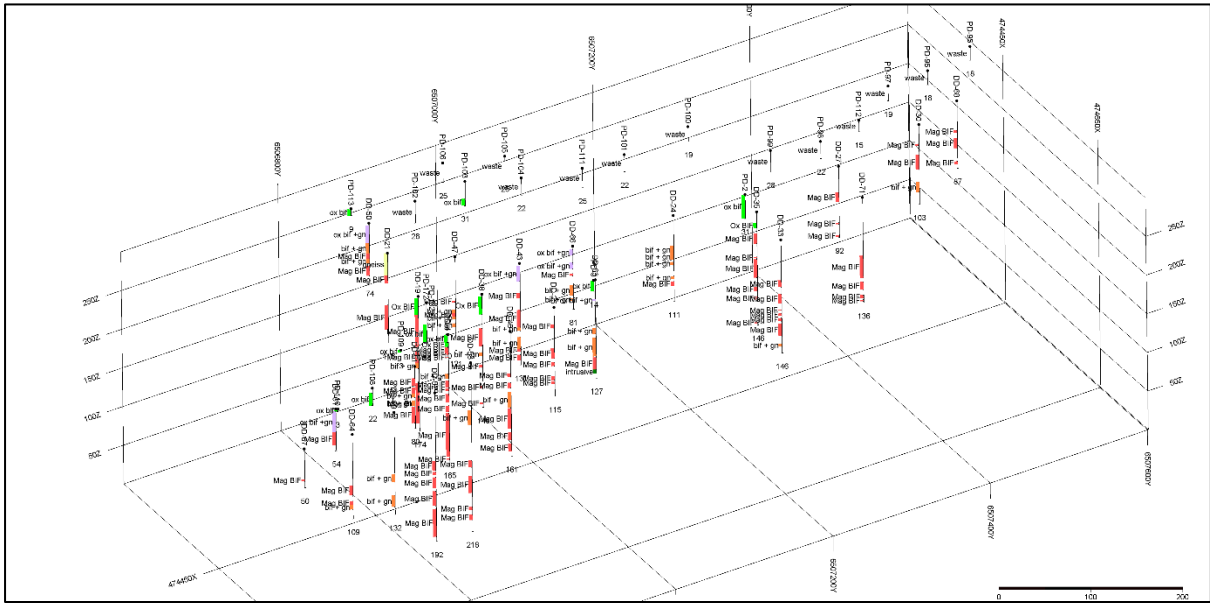


Figure 3: Plot of geological interpretation showing BIF and gneiss intersections

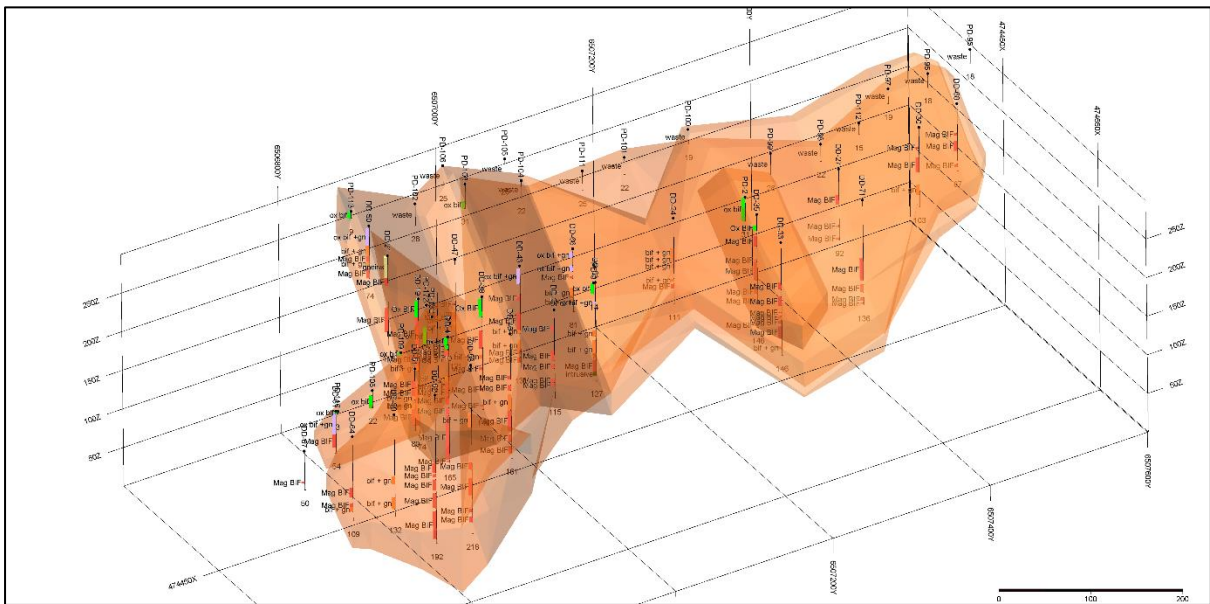


Figure 4: Wireframe of conceptual ore body based on geological interpretation

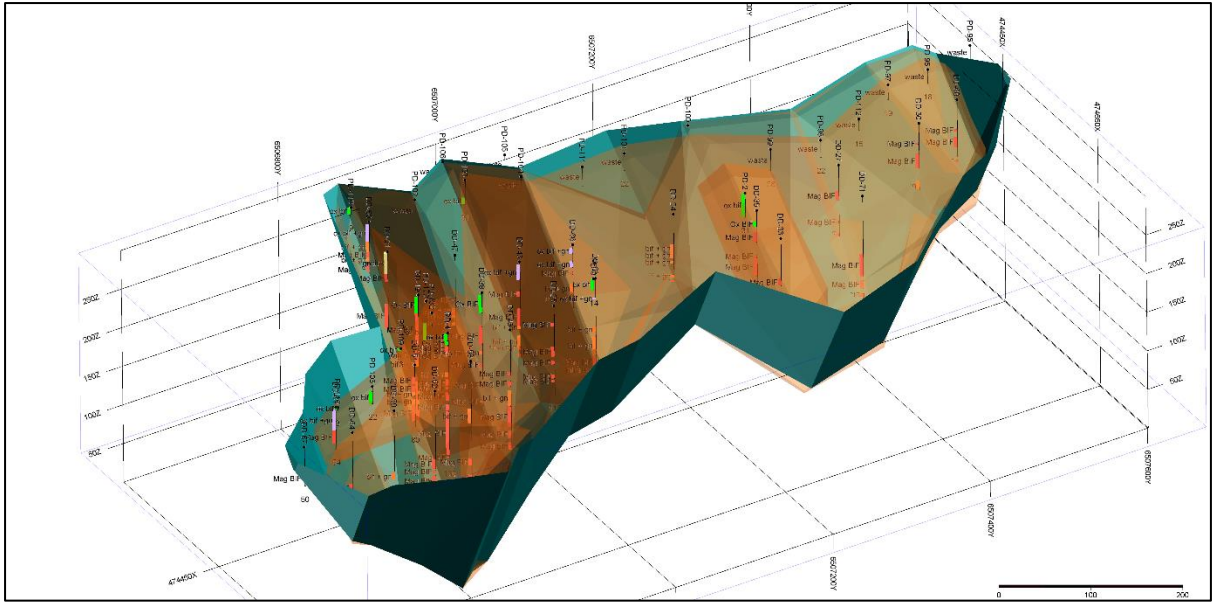


Figure 5: Conceptual pit design based on known areas of mineralisation suggests the possibility of a very low stripping ratio in a future mining operation

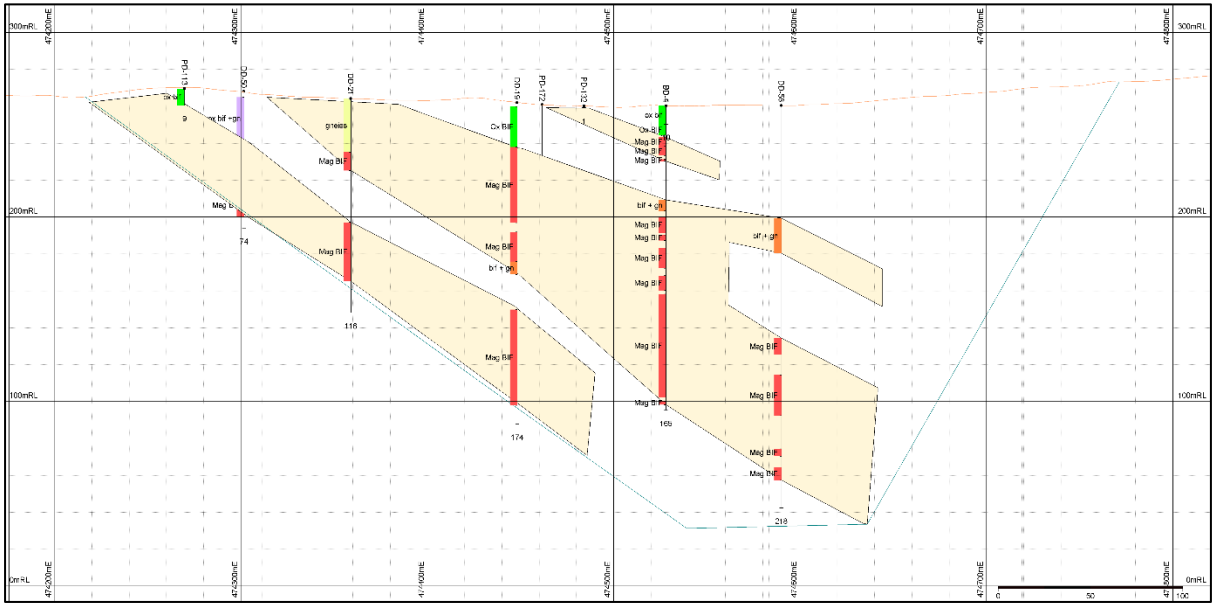


Figure 6: Cross section of a conceptual pit based on historical geological logging

The wireframe model of the historical geological logging suggests 2 or 3 main lenses of BIF with varying thickness across 12 interpreted historical sections exhibiting approximately 50m-150m of strongly magnetic BIF as shown in the cross section above with at least 145m of BIF lenses in less than 200m vertical depth.

Maiden JORC Drilling program

The Company commenced a drilling program on 04 April 2015, designed to delineate a JORC resource over a small section of the strike. The main reasons for a limited drilling campaign are as follows:

- The landholder is rapidly approaching the time for seeding and a limited drilling campaign will minimise interference with farming activities
- The existence of the historical diamond core means that far less drilling is required in order to prove the resource to a JORC inferred level
- The initial assessment of the deposit suggests that the limited strike to be tested will prove enough resource to support a 10yr+ mine life and further drilling beyond this level is not essential at this point in time.

The plan below shows the historical drilling locations (note these were vertical drill holes) and the location of the intended drill holes in this program.

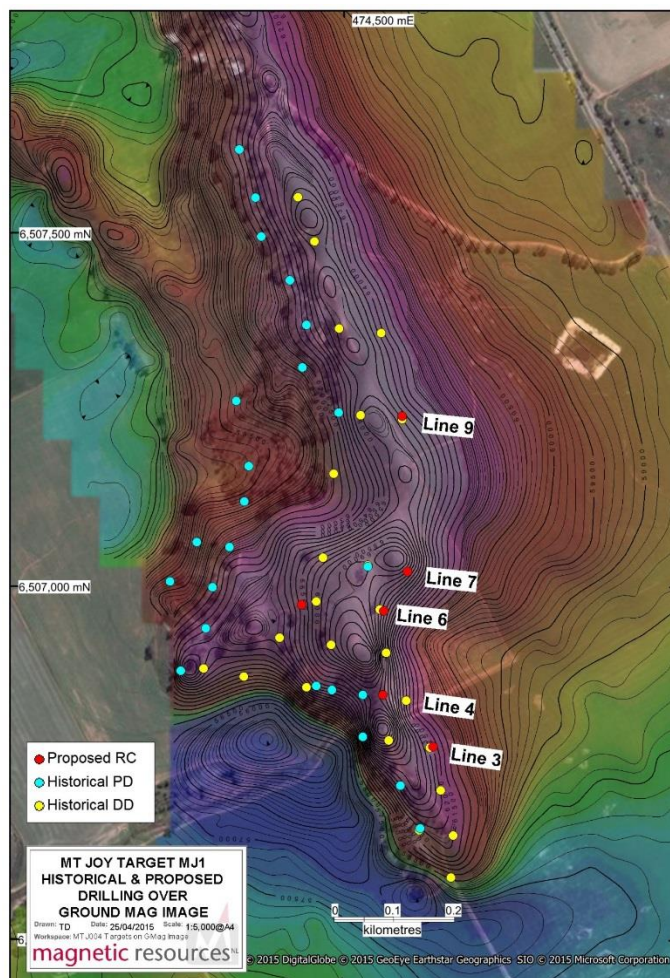


Figure 7: Plan view of anomalies, historical drilling and current are of focus

The following cross sections show the historical vertical drilling in comparison with the planned (angled) drill holes to further validate the historical drilling.

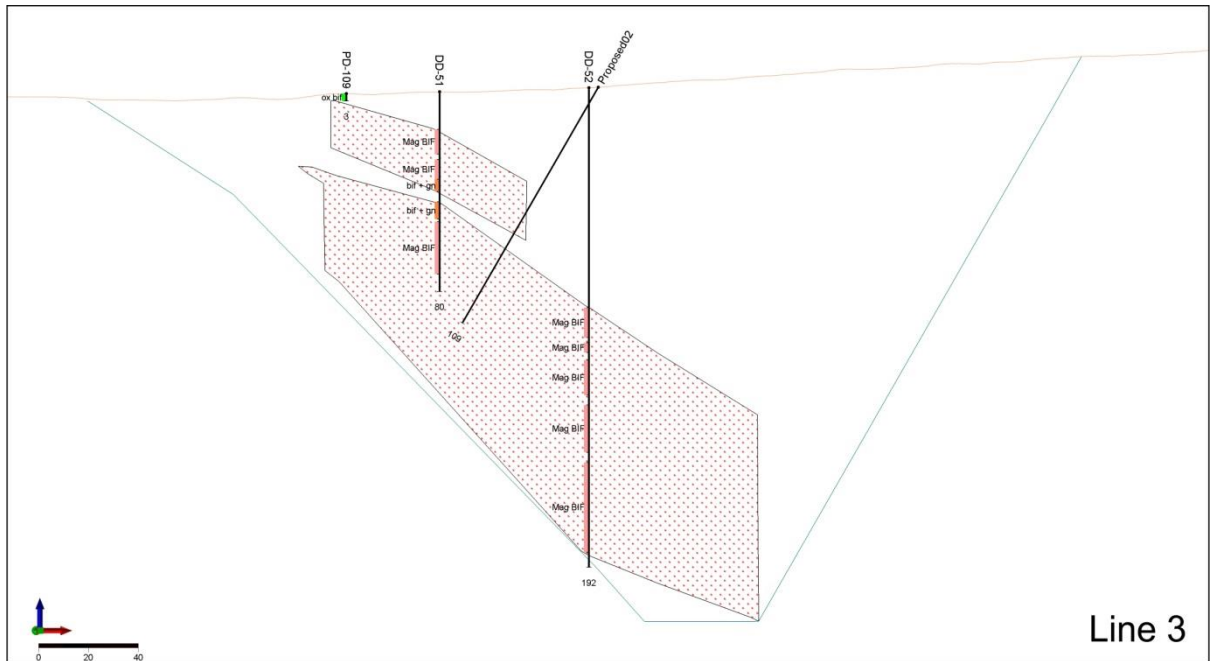


Figure 8: Drill line 3

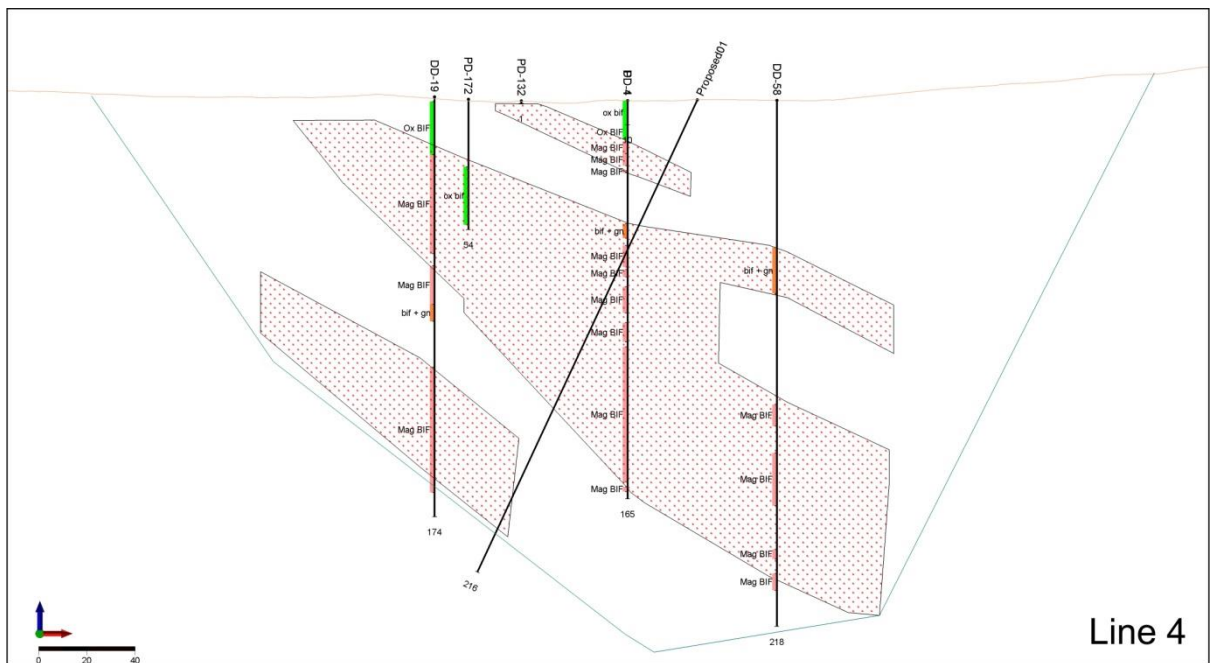


Figure 9: Drill line 4

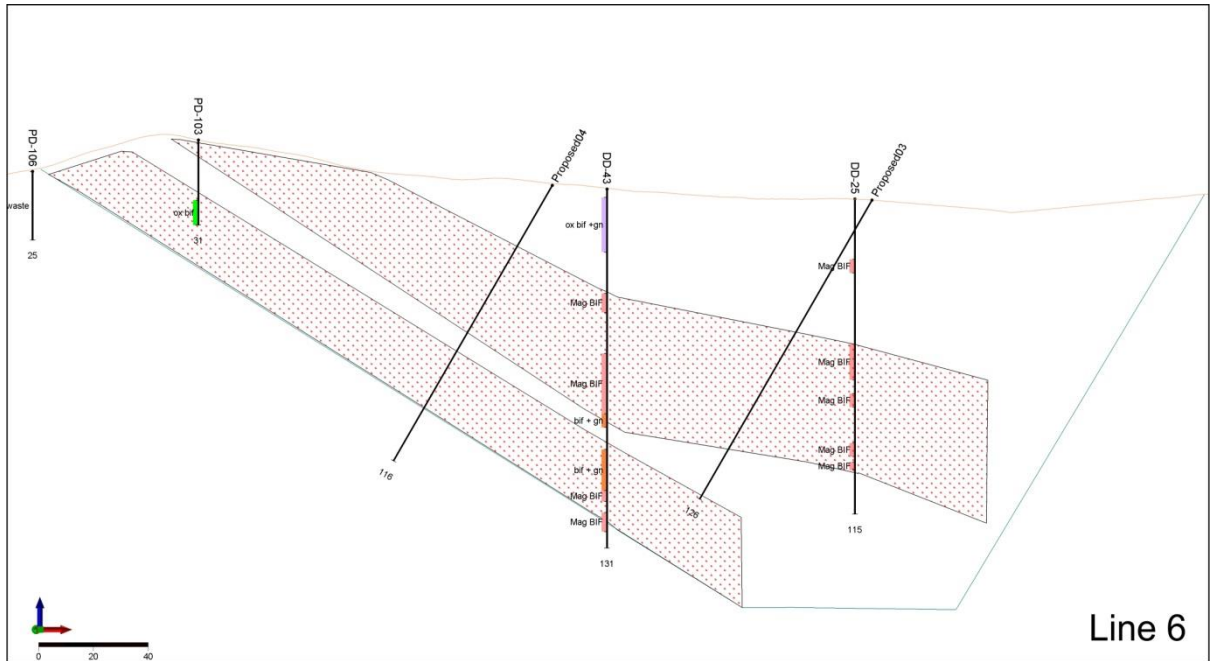


Figure 10: Drill line 6

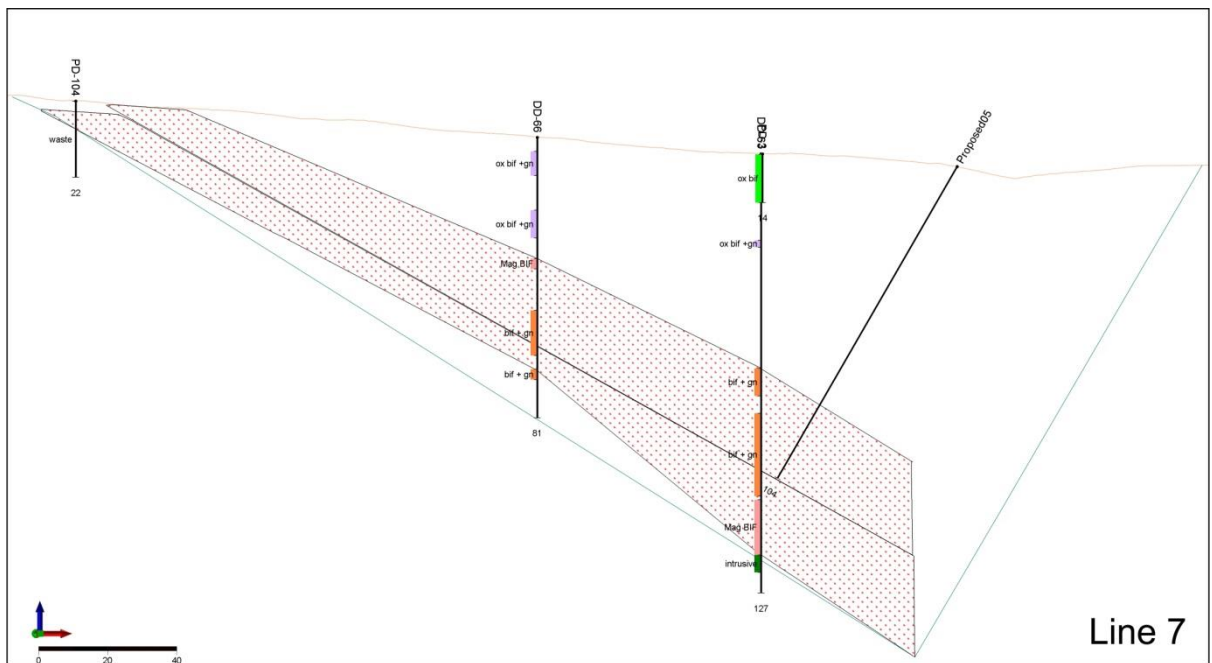


Figure 11: Drill line 7

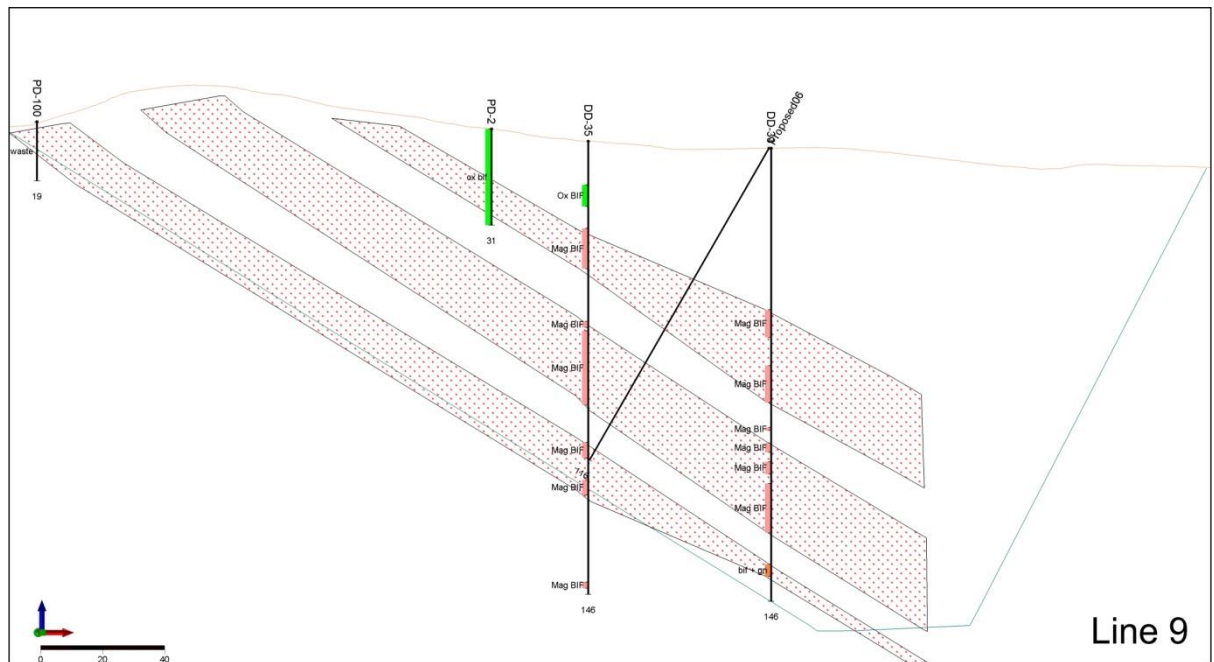


Figure 12: Drill line 9

Summary

Commenting on the commencement of the JORC drilling program, Managing Director Gavin Fletcher said “the Company is very excited about the recently acquired tenements at Mt Joy. It is quite a rare and fantastic situation to be drilling a deposit when you already have a high degree of confidence in what you are going to find. The Company is very excited about the Mt Joy tenement given the strength of the anomalies, the expected thickness of mineralisation, the minimal surface weathering, the coarse grained nature of the BIF and the very close proximity to Rail and Port solutions”.

Results from drilling will soon be available and reported, with a maiden JORC inferred resource anticipated within 1-2 months.

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

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Competent Person’s Statement

The information in this report that relates to exploration results is based on information compiled or reviewed by Mr Cyril Geach BSc (Hons-Geology) who is a member of the Australian Institute of Geoscientists. Cyril Geach is an independent consultant with his own business, Cyril Geach - Geologist and 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’. Cyril Geach consents to the inclusion of this information in the form and context in which it appears in this report.