



magnetic resources^{NL}

QUARTERLY REPORT for the Quarter Ended 30 June 2015

HIGHLIGHTS

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:

97,936,814 ordinary shares.
20,418,862 partly paid shares (\$0.20
unpaid).

Options – Unquoted

- 2,145,000 options exercisable at
\$0.4607 by 21 December 2015
-12,757,143 options exercisable at
\$0.1499 by 27 December 2016
- 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: \$0.88 m

Directors:

Gavin Fletcher
Managing Director

Eric Lim
Non-Executive Director

John Blanning
Non-Executive Director

Company Secretary
Ben Donovan

- **Magnetic Resources applies for large tenement holdings close to Northam known as Mt Joy and Kingston Park.**
- **Builds on Company vision of securing prospective ground to feed future mine developments**
- **Tenement application covers over 30,000 Ha of highly prospective magnetic anomalies**
- **Tenement areas includes approximately 100 strike km accumulated BIF over a regional strike of about 40 km**
- **Key drilling targets already identified**
- **Discussions with key landholder, results in a secured access agreement allowing for the immediate commencement of drilling**
- **Plans to drill a maiden JORC resource in a highly prospective area of the Mt Joy tenement termed MJ1 progressed**
- **Magnetic Resources drilling of highly prospective Mt Joy target MJ1 to be released as part of a JORC Resource**
- **Historic diamond drilling records of the MJ1 target enables encouraging and invaluable information in determining a future JORC resource**
- **Historic diamond drill core also allows 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, called MJ1 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 30 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 late 1960's and this gave the Company sufficient confidence to commence an Inferred JORC drilling program without delay. Results are pending.

Historical Drilling

The information supplied by the owner of the land included geological logging of some 25 vertical diamond drill holes representing approximately 3041 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.

Validation of the diamond core is ongoing and to date a 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, which 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.

Consultation with the Landholders:

The Company has been very proactive in the area since making the Mount Joy and Kingston Park tenement applications and has met with many of the farmers to negotiate land access agreements.

At least one agreement has been concluded over a target MJ1 and the Company is in the advanced stages of negotiation with the surrounding farmers.

The negotiated agreement covers a feasibility stage and operations phase but most important, Magnetic has the ability to take the project all the way through to a mine which gives the Company the confidence to commence drilling on the project

The agreement involves a number of staged payments on normal industry terms when certain milestones are reached, followed by a production royalty payment to the landholder if the project eventually reaches production.

The Company is sufficiently convinced of the mineral potential of this strategic landholding (based on historical drilling information from the late 1960's) that a drill program already undertaken delineating a maiden Inferred JORC resource over the MJ1 target area will reinforce historical drilling.

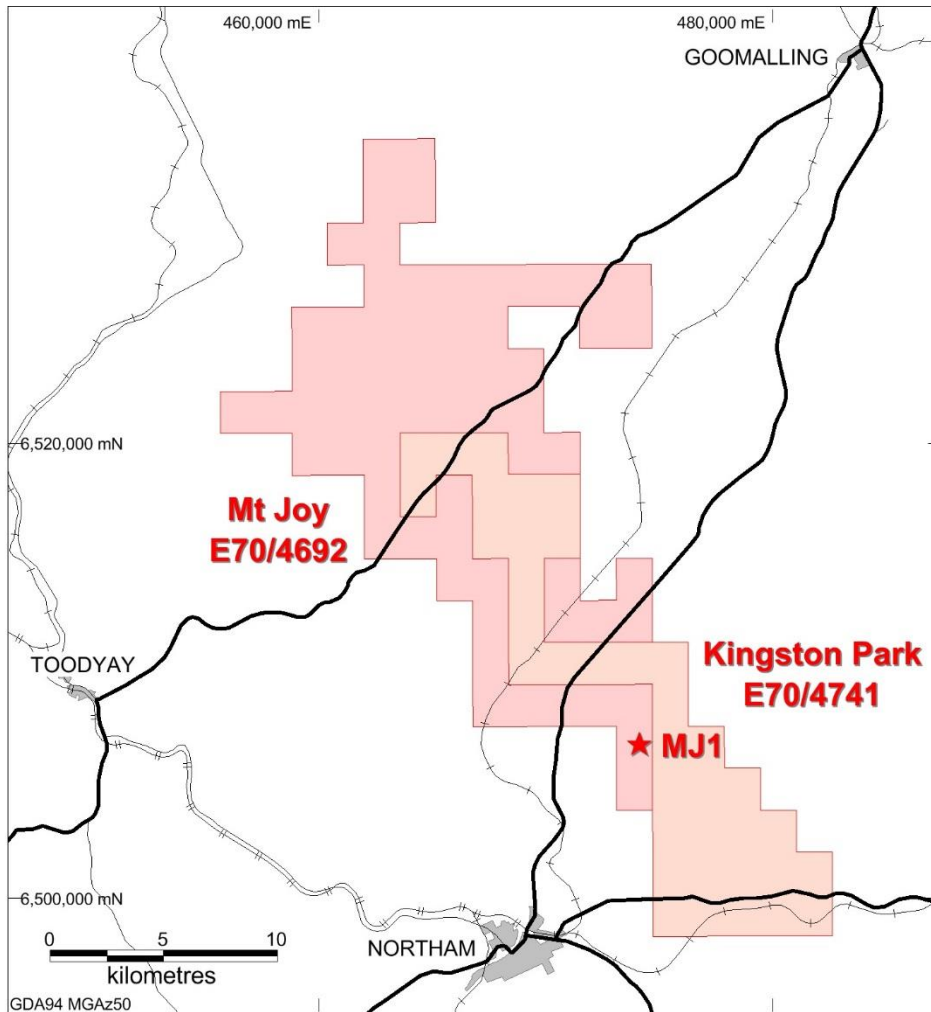


Figure 1: Mt Joy tenement location and Target MJ1

Tenement Applications:

On 2 February 2015 the Company made an application for 66 sub blocks (19,306 Ha) with Exploration License EL 70/4692. A competing application E70/4693 was made by Radar Iron Ltd, another ASX listed Company, on the same day for a sub lot of 19 blocks (approx. 5600Ha) with EL 70/4693 but has since been withdrawn.

On 30 June 2015 the Company applied for another Exploration License application E70/4741 for 37 sub blocks (10,823 Ha), giving the Company access to a greater area of geophysical targets previously held by competitors. Figure 1 outlines the location and relationship of the 2 tenement applications.

Refer to Figures 1 and 2 for detail about the tenement applications and targets MJ1- 3 over part of the Mt Joy tenement E70/4692.

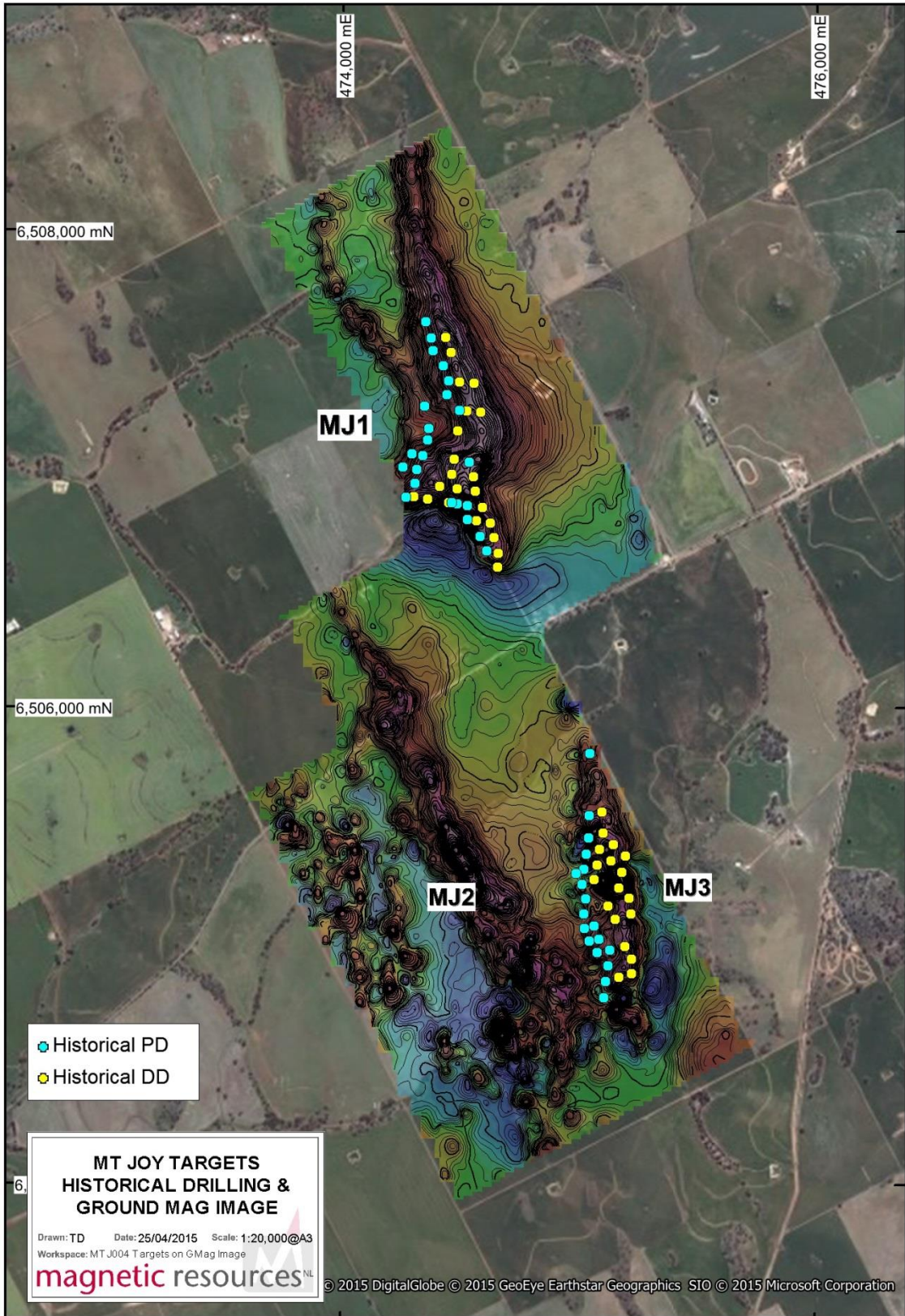


Figure 2: Historical drilling and TMI image

3D Modelling:

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.

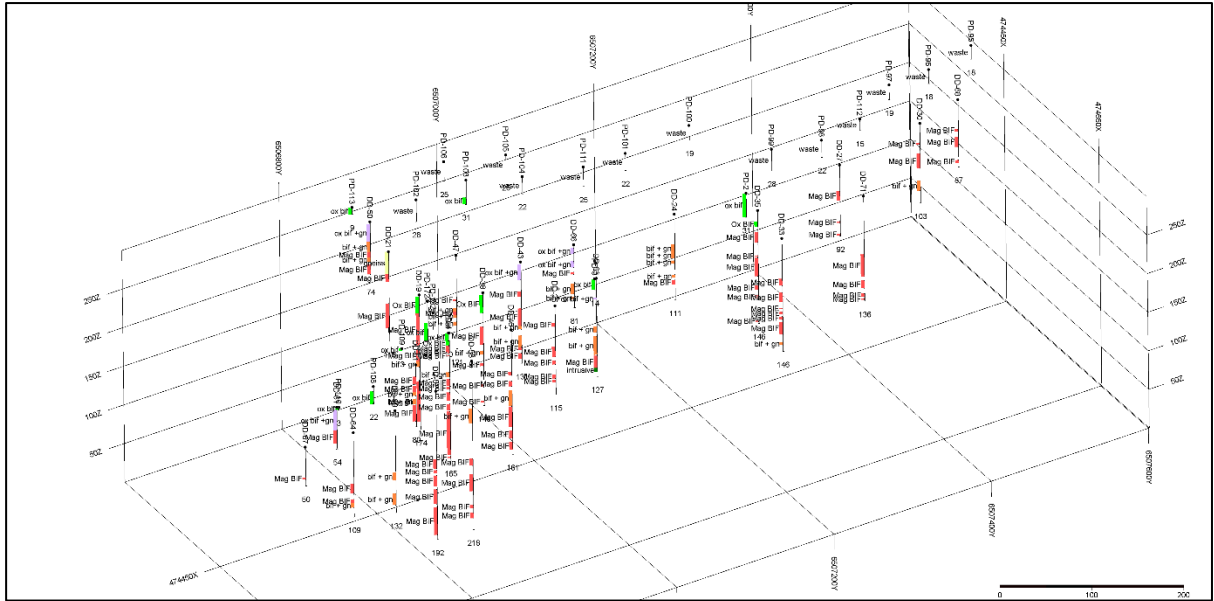


Figure 3: Plot of geological interpretation showing BIF and gneiss intersections

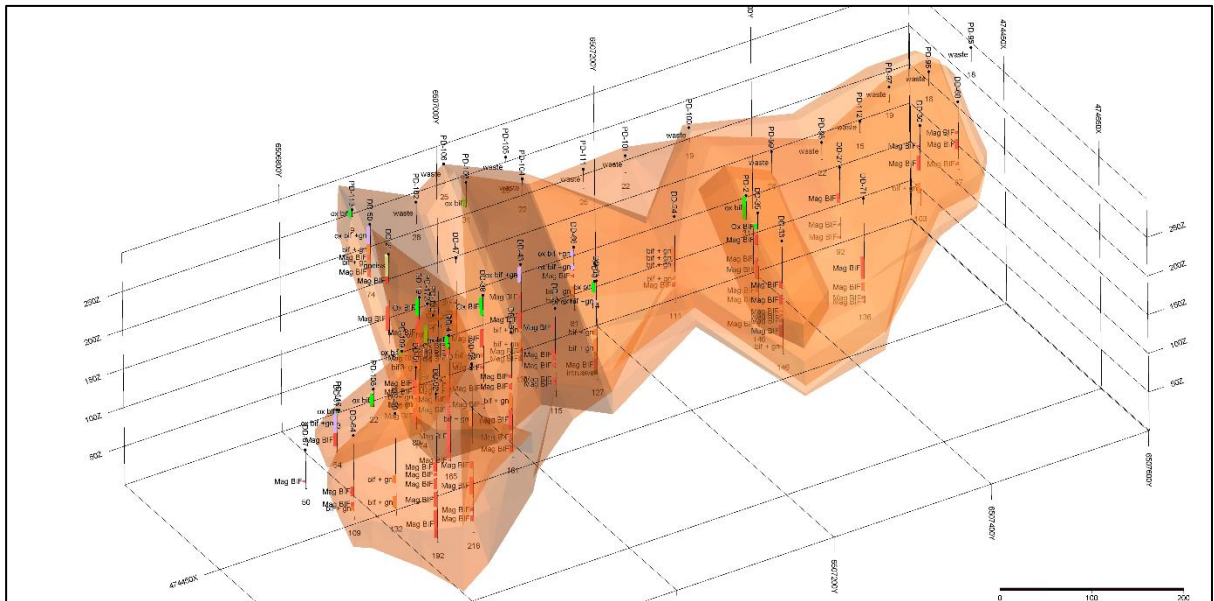


Figure 4: Wireframe of conceptual ore body based on geological interpretation

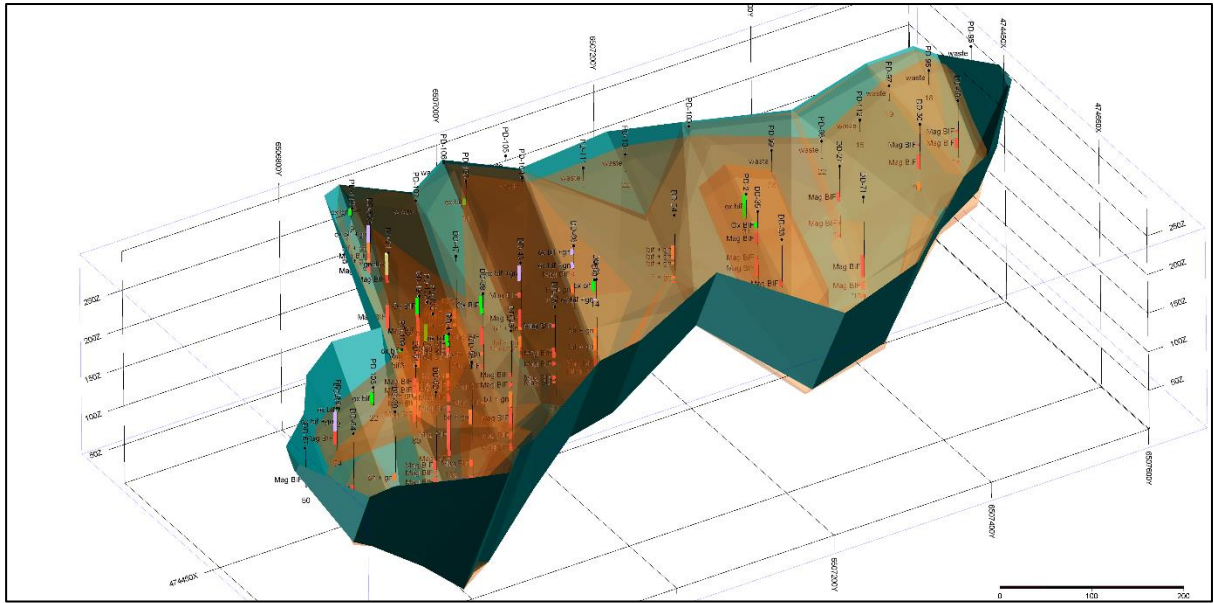


Figure 5: Conceptual pit design based on known areas of mineralisation suggests the possibility of a very low stripping ratio in a future mining operation

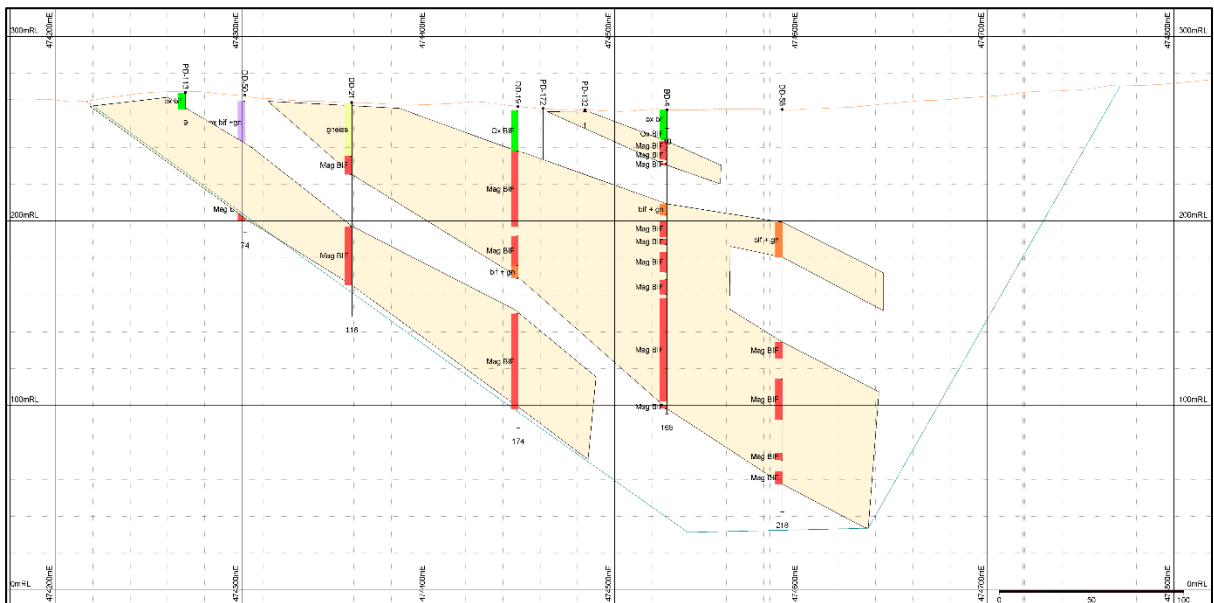


Figure 6: Cross section of a conceptual pit based on historical geological logging

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.

Prospectivity of the area

The Company is very excited about the potential of the area, given that the magnetic anomalies are generally more pronounced, wider and more continuous than many other areas within the same metamorphic belt of geology.

The magnetic anomalies are similar to those seen on the Company's Kauring project where drilling has intersected numerous very thick and high yielding BIF zones, giving the Company strong belief that the Mt Joy area will contain similar or better intersections.

Figure 7 below outlines a number of significant anomalies totalling some 100 km of accumulated BIF strike.

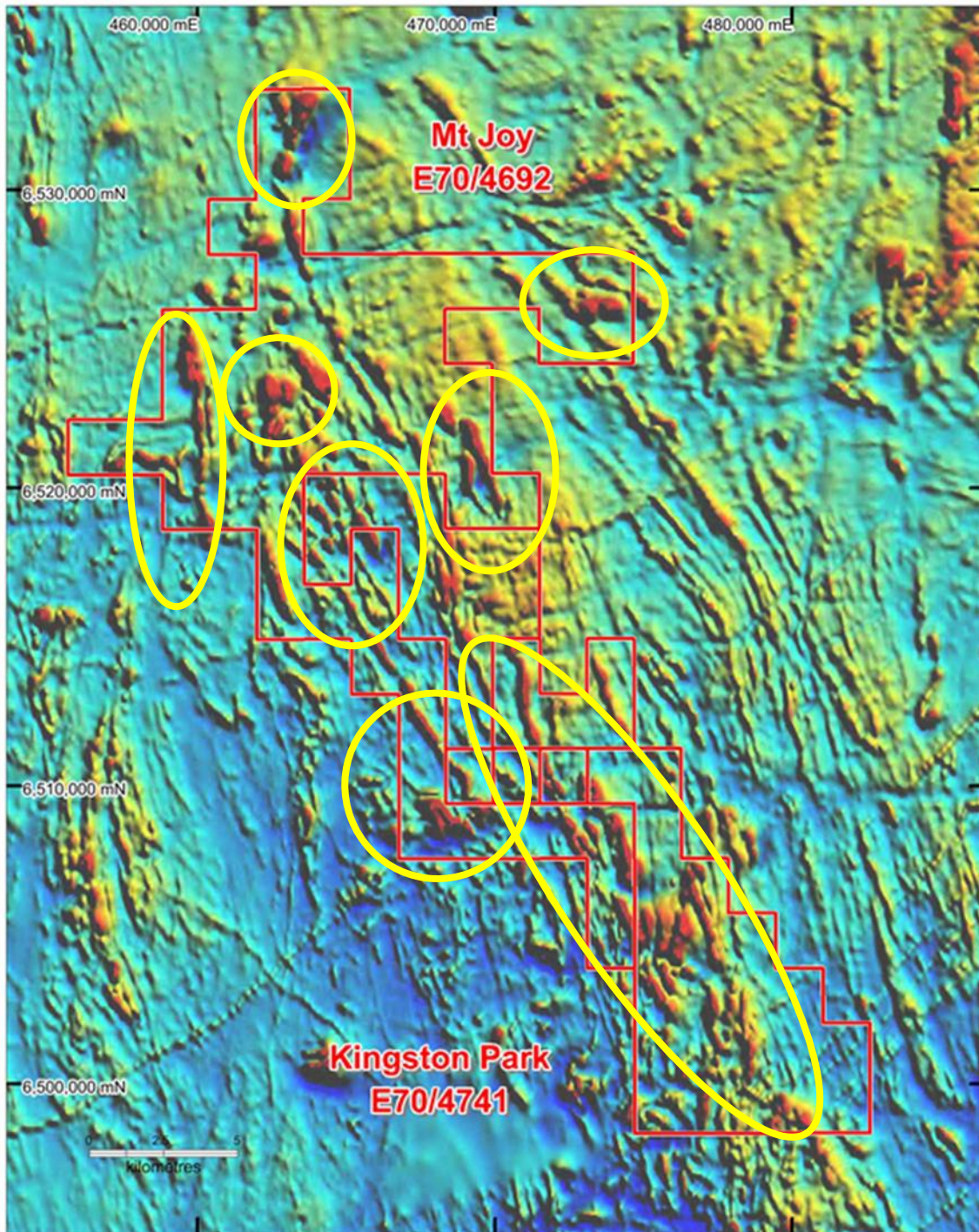


Figure 7: Mt Joy E70/4692 anomalies and BIF strike delineation

Maiden JORC Drilling program

The Company commenced a RC drilling program on 04 April 2015, designed to delineate a JORC resource over a small section of the regional 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.

Figure 8 below shows the historical drilling locations (note these were vertical drill holes) and the location of the intended drill holes in this program.

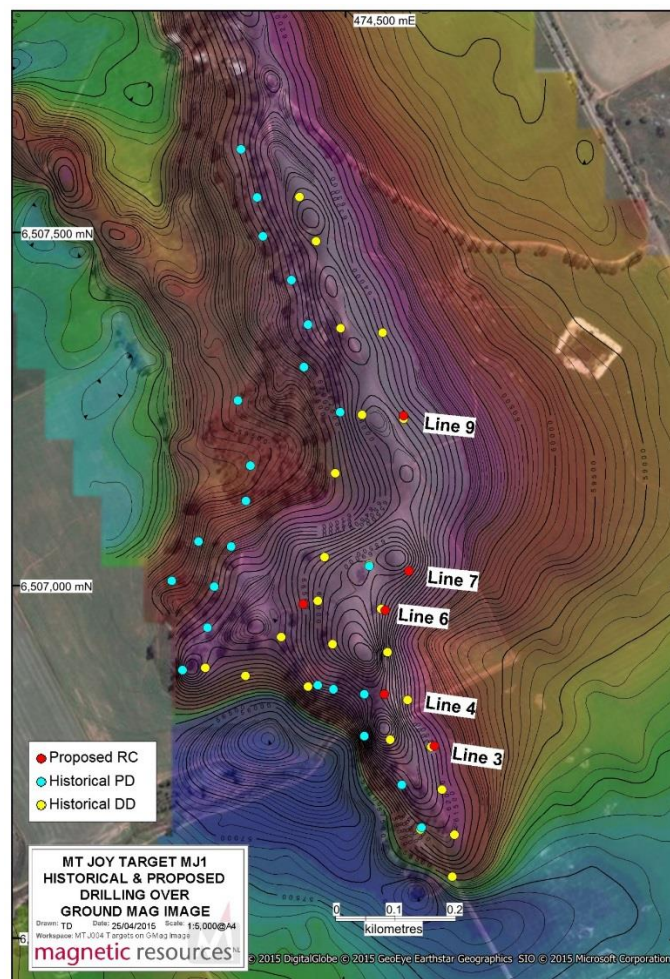


Figure 8: Plan view of anomalies, historical drilling and current are of focus

Historical Diamond Drilling Cross Sections – reconstructed from drill logs:

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

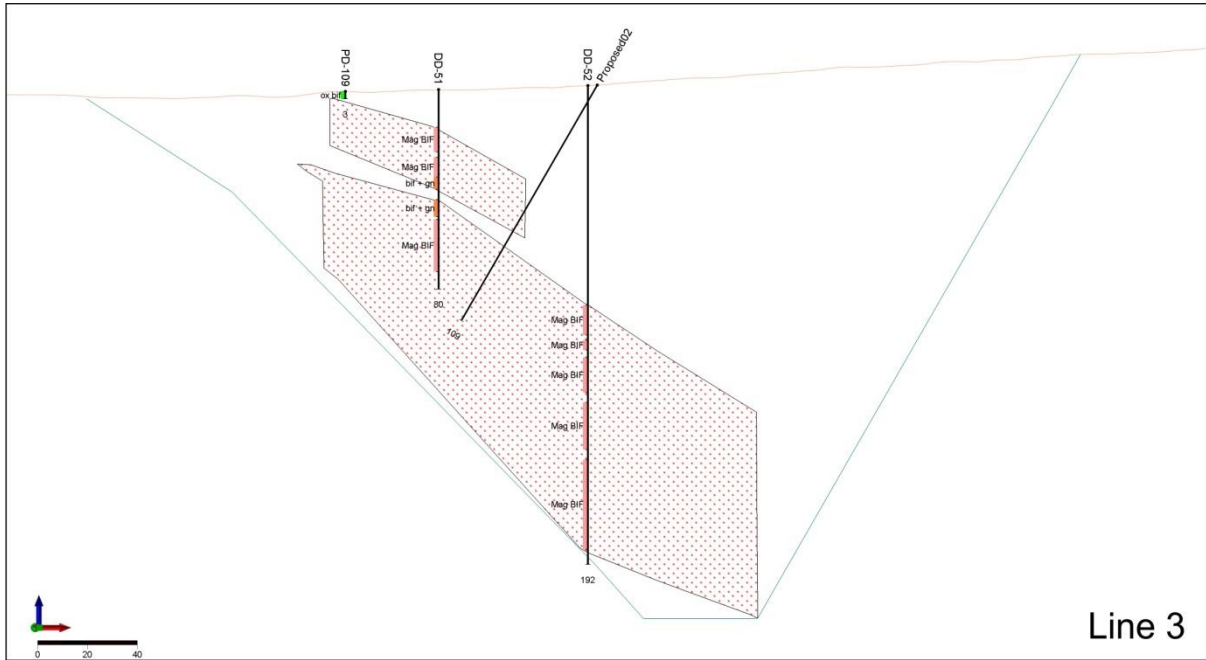


Figure 9: Drill line 3

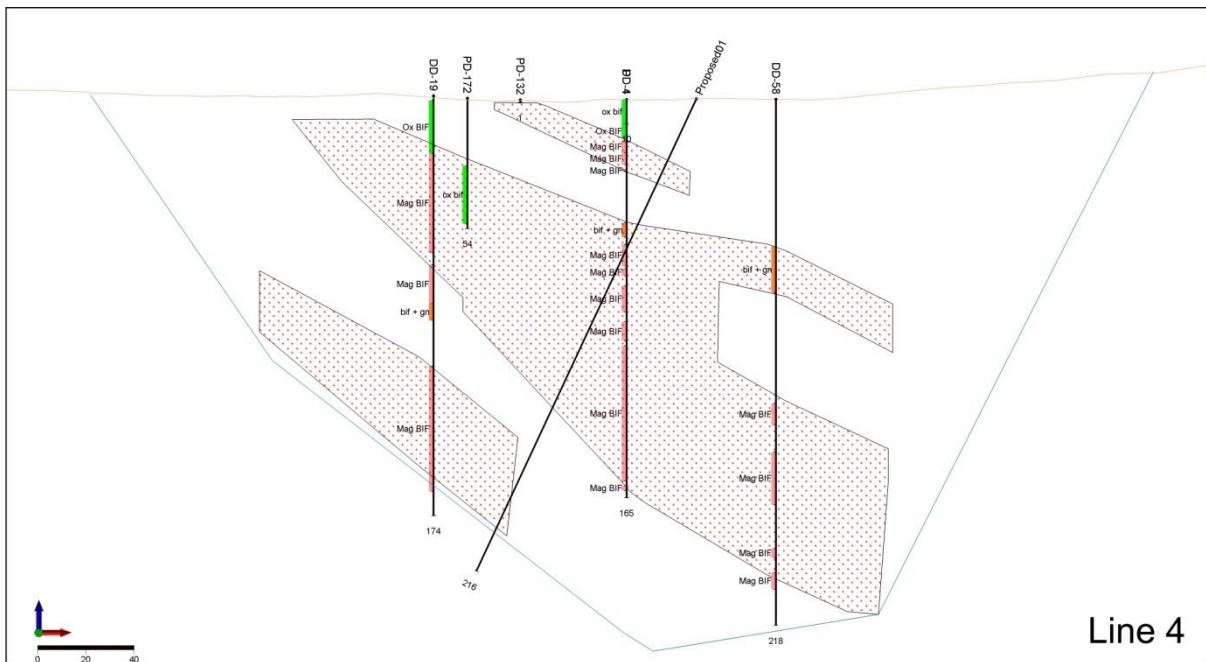


Figure 10: Drill line 4

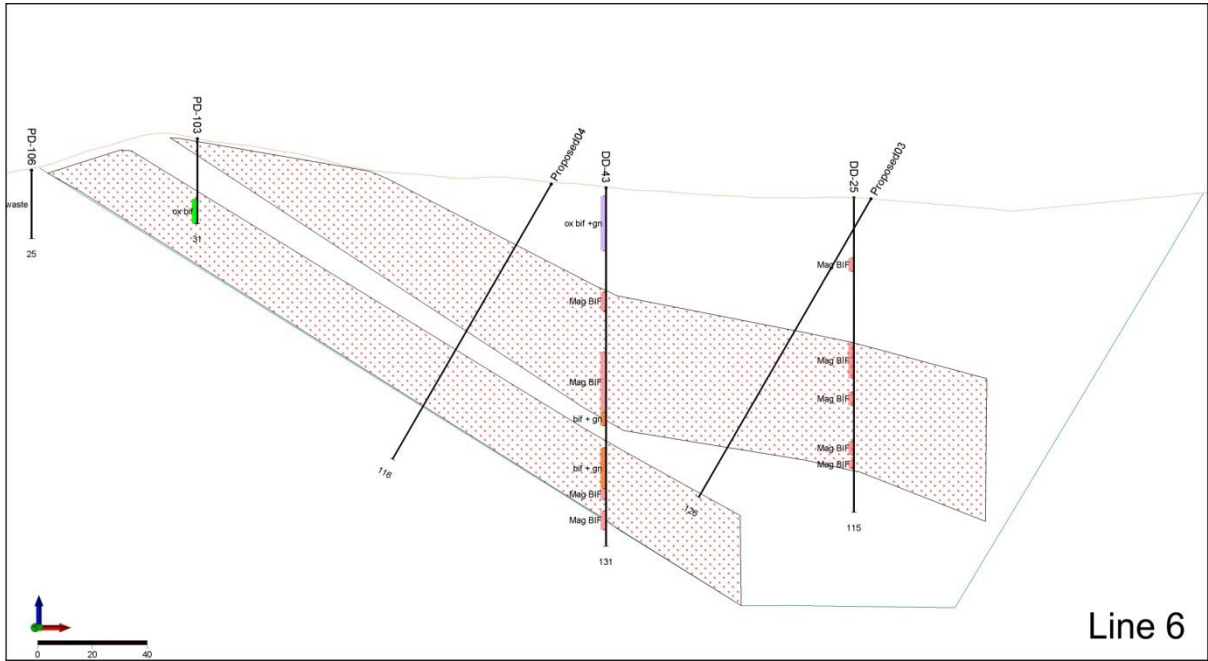


Figure 11: Drill line 6

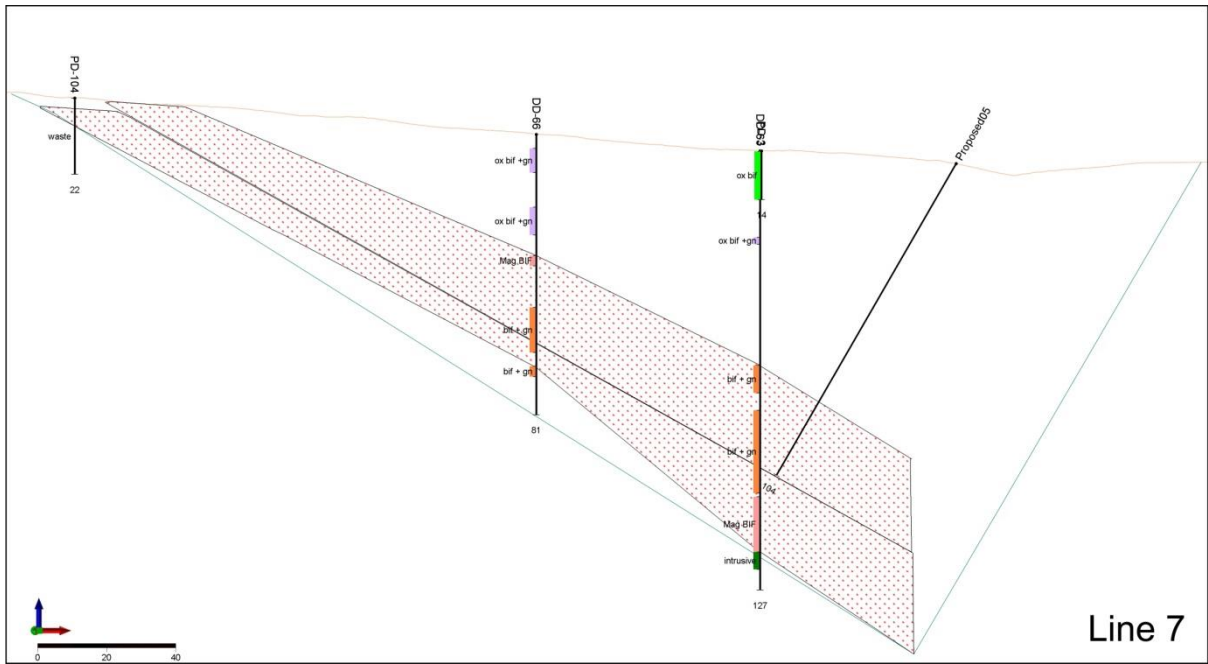


Figure 12: Drill line 7

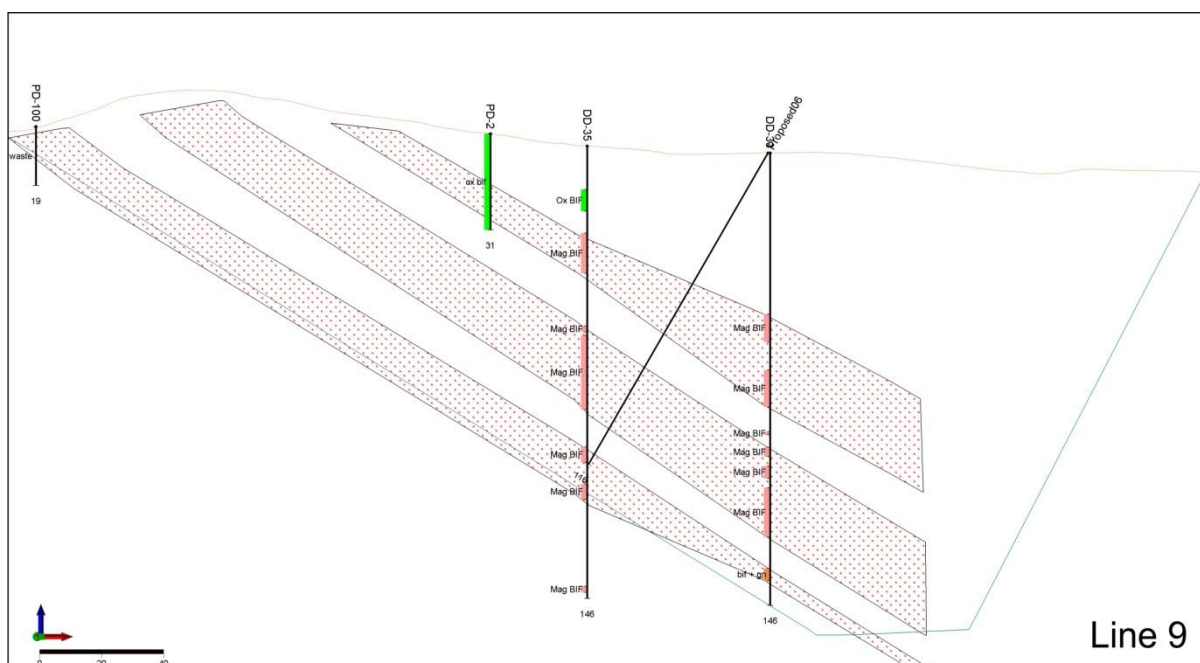


Figure 13: Drill line 9

SUMMARY:

Commenting on the Mt Joy tenement, Managing Director Gavin Fletcher said “the Company is very pleased to have secured the Mt Joy and Kingston Park tenements. Both tenements are highly prospective, very close to infrastructure and an agreement has already been reached over a strategic target MJ1 with surrounding landholders also showing a great deal of interest in working with the Company”

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 Inferred JORC inferred resource in train.

GENERAL:

RAGGED ROCK PROJECT: (Magnetic 100%)

Further to previous quarter outlining several ground magnetic surveys as future exploration targets, drilling will be subject to agreements with land holders.

JUBUK PROJECT: (Magnetic 100%)

Application for retention and extension status has been granted for the Jubuk coarse grained magnetite deposit near Corrigin. This will allow Magnetic to focus on evaluating its Mount Joy, Kingston, Ragged Rock and Kauring projects. The Company has been advised of a 5 year extension of exploration licence was granted in early 2015. Retention approval is reviewed annually.

KAURING PROJECT: (Magnetic 100%)

During the quarter the Company advised that results of additional reverse circulation drilling in its December 2014 Quarterly Report and will further advise on any significant changes to the Exploration Target as a result of additional drilling.

OTHER TENEMENTS:

Magnetic has rationalised its tenement holdings in order to focus on the newly acquired Mt Joy tenement and Kingston Park projects. As a result of this focus, no exploration was carried out on Magnetic's other tenements during the quarter.

CORPORATE:

During the quarter, Magnetic continued to evaluate various options for the development of its assets, and explored proposed funding options.

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	Retention	JUBUK	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	Granted	LATHAM ROCK	0%	100%
WA	E77/2035	Granted	LAKE SEABROOK	Gold Rights Only	Gold Rights Only
WA	E70/4692	Application	MOUNT JOY	100%	100%

Mining Tenements acquired during the Quarter

WA	E70/4741	Application	KINGSTON PARK	100%	100%
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Mining Tenements disposed during the Quarter

WA	E70/3716	Surrendered	LOMOS	100%	100%
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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.

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.

Section 1 Sampling Techniques and Data	
(Criteria in this section apply to all succeeding sections)	<p>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 update with Magnetic Resources Quarterly Report to 30 September 2014 update with Magnetic Resources Kauring Report 24 November 2014 Magnetic Resources Half Yearly Report Release 13 March 2015 update with Magnetic Resources Mount Joy Strategic Release 30 March 2015 update with Magnetic Resources Mount Joy Proposed JORC Drilling Release Report 28 April 2015</p>
Sampling techniques	Reverse Circulation Drilling collected at 1m , 2m and 4m interval and sub sample split through a cyclone rotary splitter
	Duplicates taken using a 75:25 riffle splitter at every 20-30m and standards introduced at every 30-40m
	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, Breakthru Drilling PL using a 150mm RC hammer drill bit, pre-collar to 6m
Drill sample recovery	Visual observation and noted where water occurs - water was minimal and 90% of sample recovery water free
	Drilling companies engaged ensure the efficiency is acceptable and audit of machine efficiency through Duplicates carried out.
	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.
Sub-sampling techniques and sample preparation	RC sampling at 1m, 2m and 4m interval is quantitative using Hand Held XRF and became qualitative after assaying data is to be released. Composite sub sampling was on a volumetric method taking a scoop <1kg from a shaken calico sub sample of 1m collected drill material and combined repeatedly equally as a scoop sub sample with other samples for 2 or 4m combined. Portable XRF assays are recorded of the sub samples in the field to be compared v lab assay to detect any major errors. Duplicate samples are 1m samples only.
	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 5-10m to prevent cross contamination or cleansed more if clayey or damp conditions prevailed however minimal <10%
	Duplicate at every 20-30m to measure continuity of the drill rig and sample recovery, particularly the BIF. 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 may 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 and laboratory tests	Total digest and XRF methods employed for Fe suite elements when assaying to be employed. Hand Held XRF used as quantitative tool not qualitative.

	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.
	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 and management.
	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 not viable in the field taken as a volumetric scoop size. Weighted in the lab.
Location of data points	No surveys or verification of drill holes apart from GPS located. Magnetic variation occurs which has potential to throw out magnetic bearing by up to 10 degrees and noted.
	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 not provided at this juncture leading to a MR.
	Data spacing adequate along cross section enables appropriate geological control for Mineral Resource use at present requires further drilling to ascertain a MR.
Orientation of data in relation to geological structure	n/a
	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	Sample audits at this stage are 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 status	E70/4692, E70/4741 applications 100% to Magnetic Resources no third party arrangement apart from standard Department of Mines and Energy requirement access agreements with farm owners on Minerals to Crown land. No Native Title or extricated land apart from the Avon Valley water catchment. 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. One 5 year option agreement in November 2014 has been signed with the farm owner over the Central Target at Kauring. Land owner agreements over Mount Joy land holdings are a pre-requisite to access and future mining opportunity before any serious exploration carried out. An inferred JORC resource aims to be achieved in July-September 2015 quarter over one prospect of the Mount Joy Tenement
	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 over Minerals to Crown land. Remnant bush may require a DEC survey in the future for flora and fauna. Minerals to Owner title may exist requiring agreements separate to DMP requirement.
Exploration done by other parties	No search for Fe by other parties known at Ragged Rock and Kauring. Mount Joy and Kingston Park - late 1960's drilling not on public file.
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 at Kauring. Weathered BIF is partial weathered to goethite, hematite, and martite after magnetite at Kauring. Minor sulphide noticed in volcanics and testing to see if sulphide in fresh BIF in the eastern BIF can be separated by DTR analysis at Kauring. Work is ongoing with regard to understanding the relationship of weathered (hematite and martite) alteration over magnetite BIF at Kauring. Layered peridotite / pyroxenite / gabbro footwall to western BIF supports an EIS grant of \$141,323 for 20 x RC and 1xDDH in June 2014 quarter. Only 6 (5 x RC and 1 x DD) drill holes were completed at Kauring using a pro rata amount of the EIS grant.
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 and November 2014.
	o easting and northing of the drill hole collar provided N/A
	o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar estimated not outlined N/A
	o dip and azimuth of the hole provided N/A
	o down hole length and interception depth provided N/A
	o hole length provided N/A
	azimuths are submitted with an error to 10% over the magnetic BIF 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 RC drill sample 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. Not used for this purpose.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results as outlined in the numerous ASX releases to June 2015. Fresh BIF sampled at 1m, 2m intervals whilst weathered BIF sampled at 2m and 4m composite levels on composites unreleased in current drill program. Incompatible elements in head grade by XRF on fresh BIF further determined using Satmagan and then if positive - Davis Tube Recovery to see if they are removed. Results provided in 3 rd quarter of 2014-2015.
Diagrams	N/A
Balanced reporting	N/A
Other substantive exploration data	N/A
Further work	Further work will require further drilling to improve the geological model being reported broader ground magnetic survey, infill ground magnetics and drilling.
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