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DRILLING AND INDUCED POLARISATION SURVEYS COMMENCING IN SEPTEMBER

Mount Jumbo

The Mt Jumbo gold rich shear straddles EL38/3100 and ELA38/3127 and totals greater than 1.3km in length. A number of intersections are recorded Figures 3-6 and Table 1. This shear zone is very prospective and appears as a NNE fault intersection off a NS fault that passes just west of the Wallaby 7Moz deposit. This shear zone has been drilled by Normandy Exploration Limited, between 1994 to 1996 within the Mount Ajax E38/557 and are summarised in annual reports for the period 7 October 1993 to 6 October 1996, GSWA WAMEX Reports A46159, 48654, 49933.

Numerous high grade results are present with **34 intersections having over 2m @ 2g/t** Some of the better intersections include **15m @ 2.4g/t** from 97m in hole AXC013 (Fig.6 and Table 1) and **4m @ 7.2g/t** from 104m in hole AXC048 (Table 1) and the mineralisation is often associated with gossanous mineralisation which in some cases appear open at depth (Fig 5 and 6). A detailed ground magnetic survey (143km) has been completed over the 1.3km shear zone and over accessible parts of the interpreted Wallaby style intrusive.

Three lines of Induced Polarisation (I.P.) are shown on Fig 3. These lines are being carried out in September to characterise the gossanous gold rich shear zone encountered in the drilling and to also define the potential depth extent of this shear zone. There are at least 2 separate gold trends that are being mapped by this I.P**. A 4-hole RC drill programme is planned for September 2016** to test for depth extensions of the northern part of the Mt Jumbo shear zone (Fig.3).

A number of other prospective areas have been interpreted from aeromagnetics. Detailed cesium vapour ground magnetic surveys (472km) have recently been carried out to help define the interpreted shear zones and intrusives. A subsequent field visit has prioritised the respective areas and in some cases initial I.P. surveys are recommended. Additional drilling will be carried out on the southern part of the Mt Jumbo Shear Zone and other prospective areas outlined once the Hawks Nest (ELA38/3127) tenement is granted in October-November.

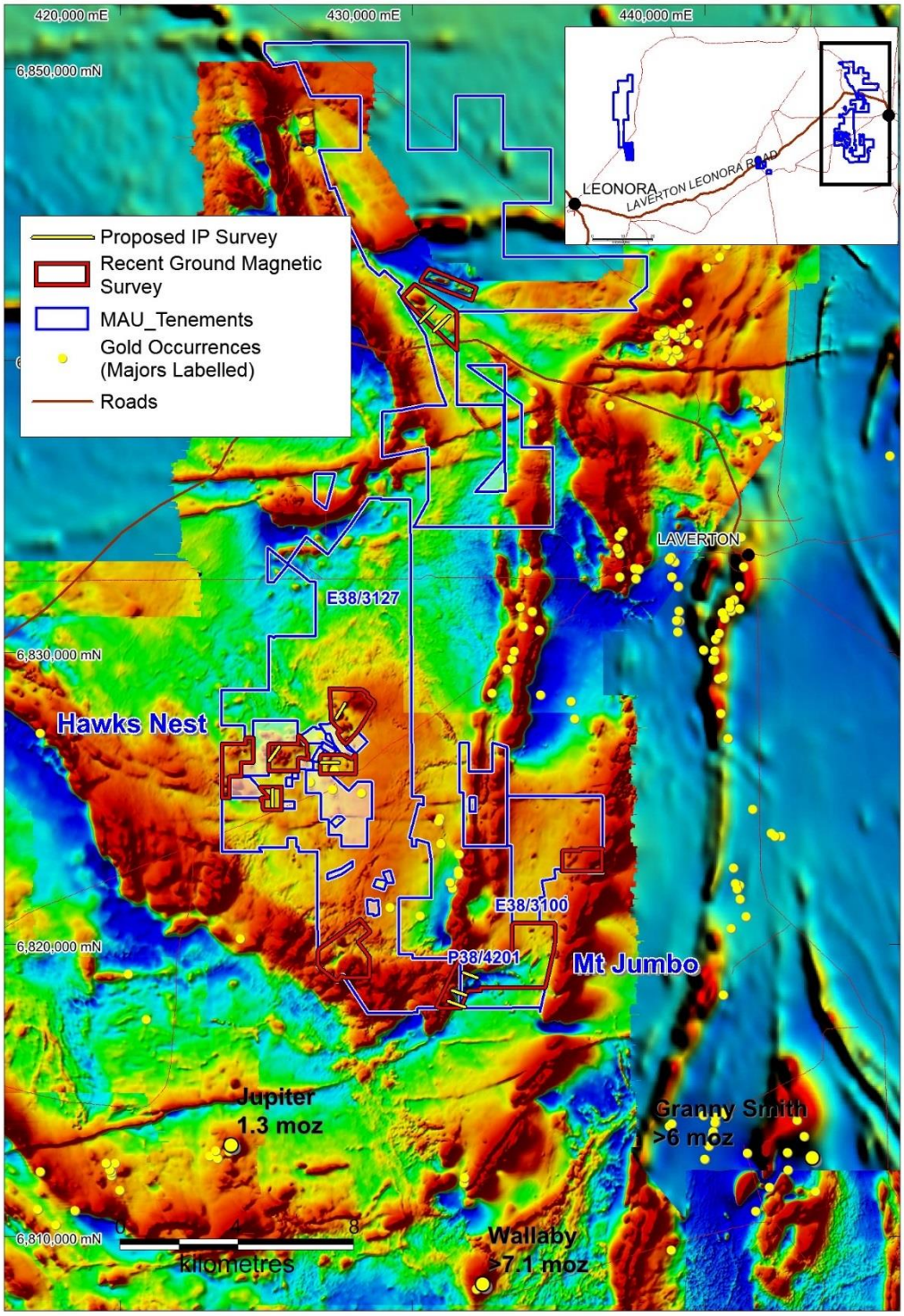

Figure 1. **Laverton tenements, gold deposits, ground magnetics completed, I.P. surveys planned and detailed aeromagnetics.**

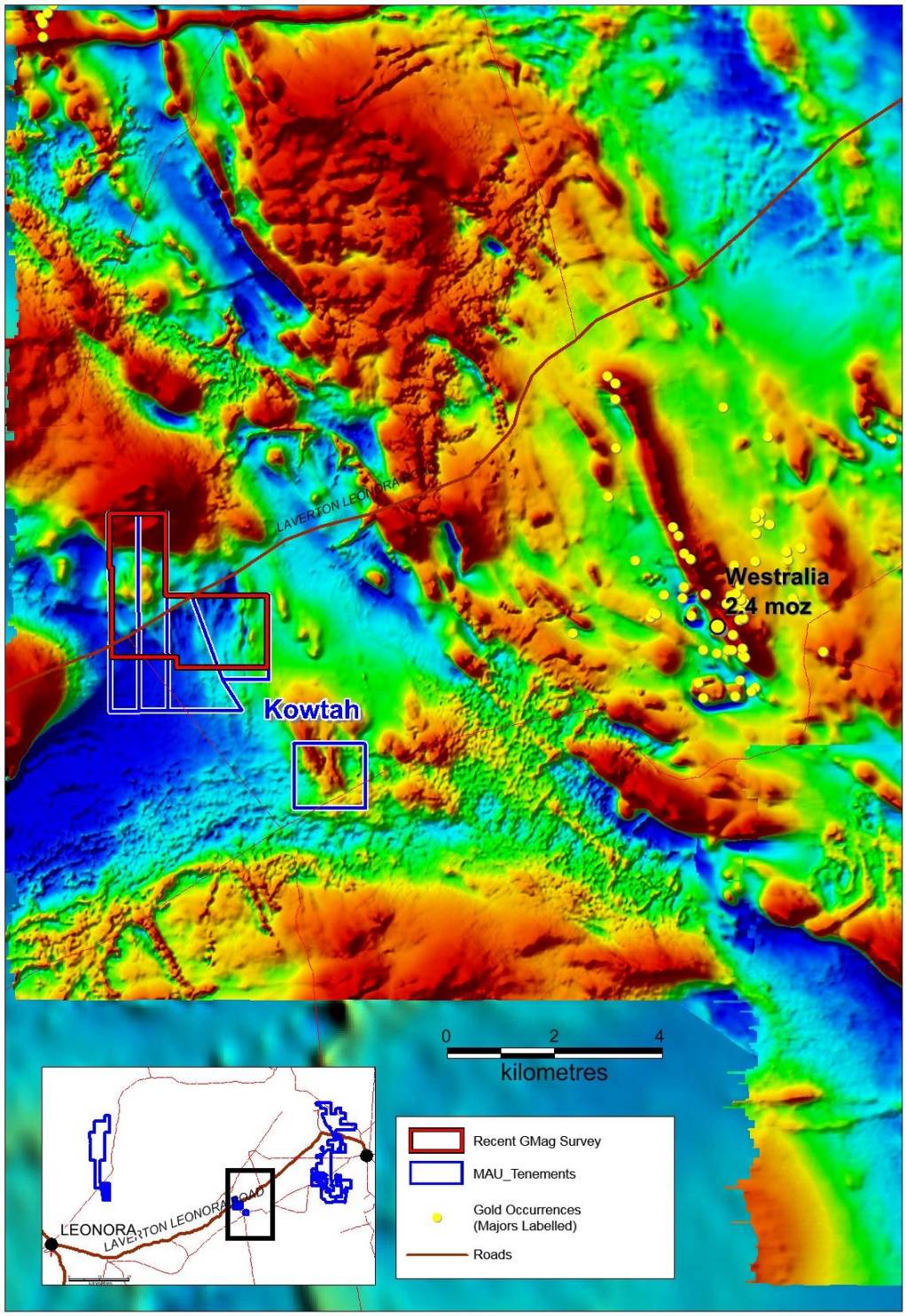

Figure 2. **Leonora-Laverton tenements, gold deposits, ground magnetics completed and detailed aeromagnetics.**

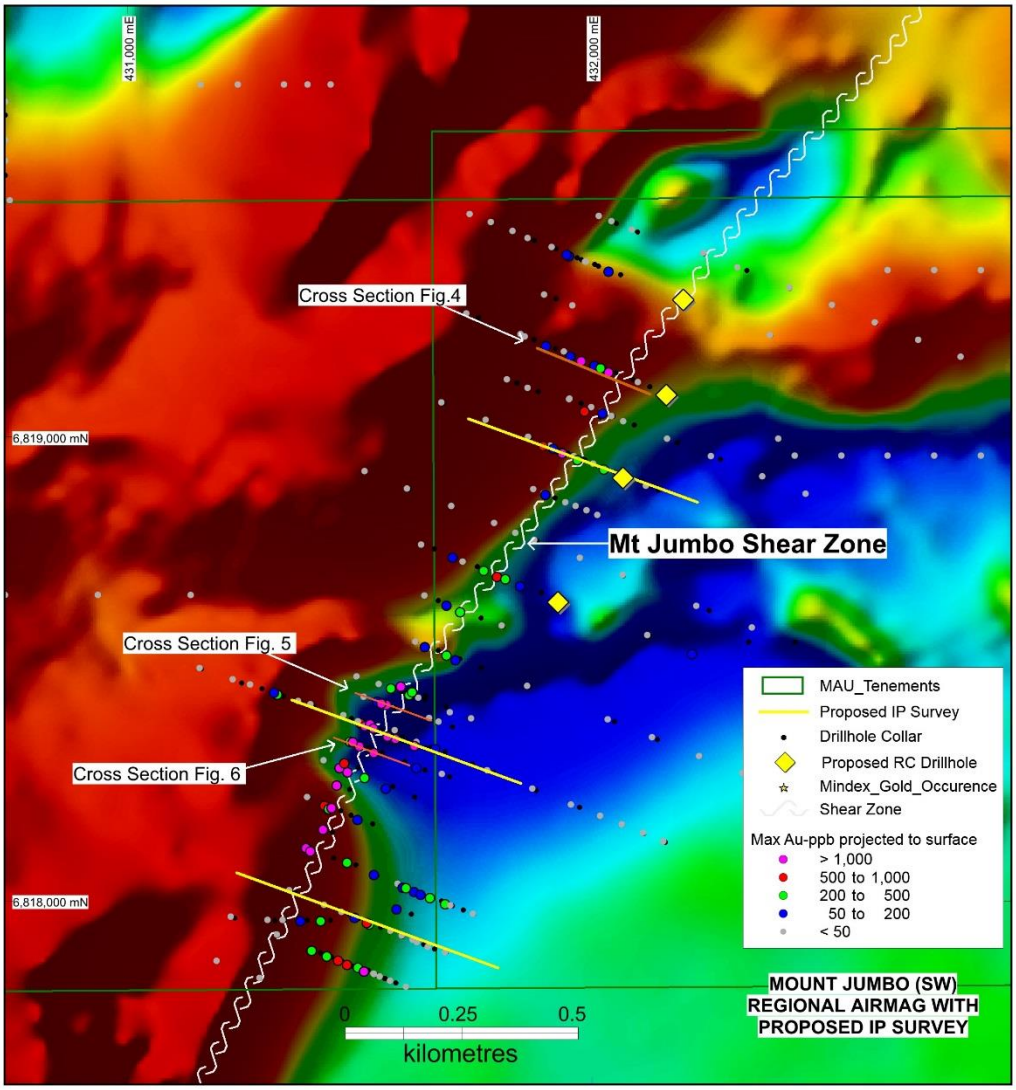

Figure 3. **Mt Jumbo maximum gold intercepts projected to surface, historical cross sections, proposed I.P. surveys and RC drill holes.**

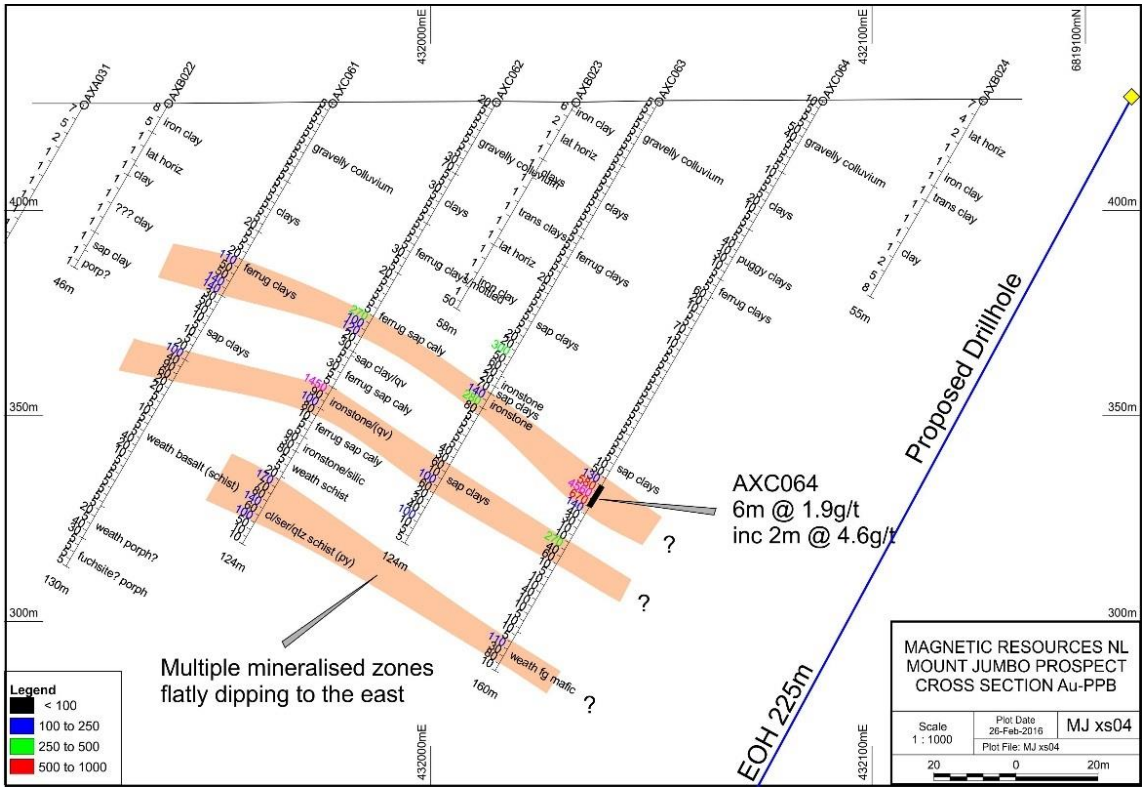

Figure 4. **Mt Jumbo cross section**

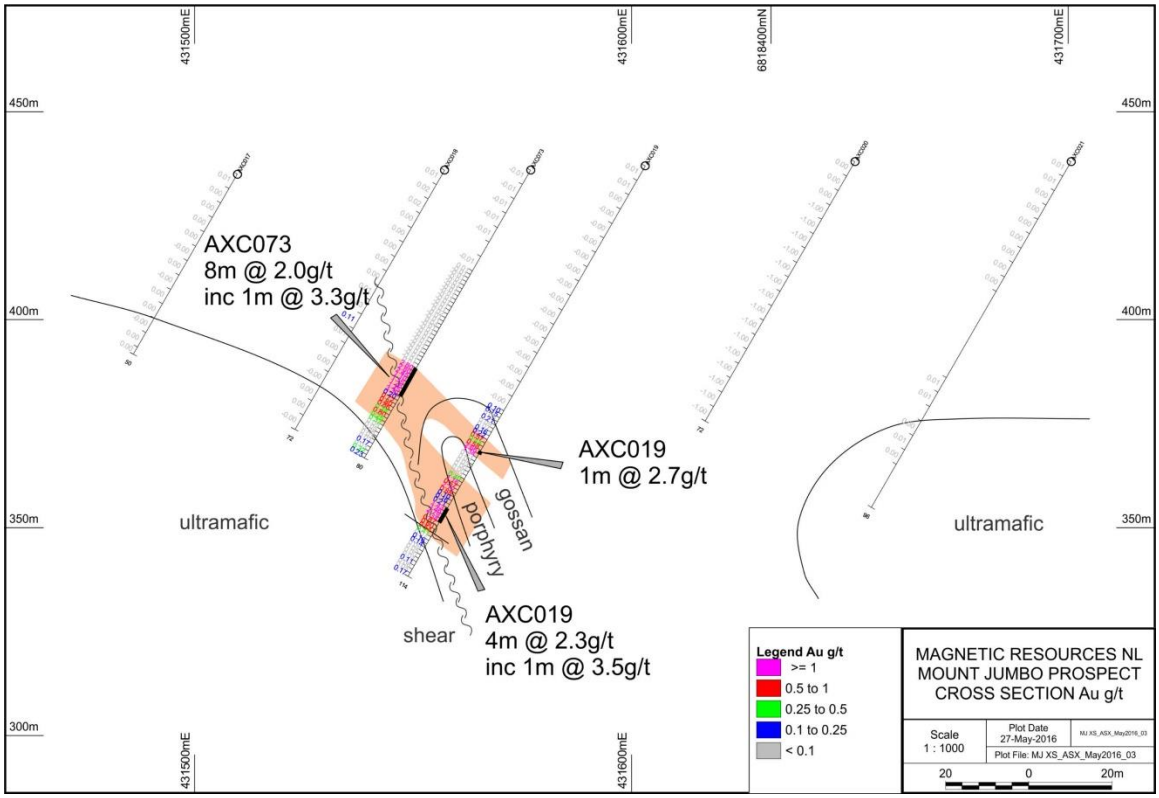

Figure 5. **Mt Jumbo Cross Section**

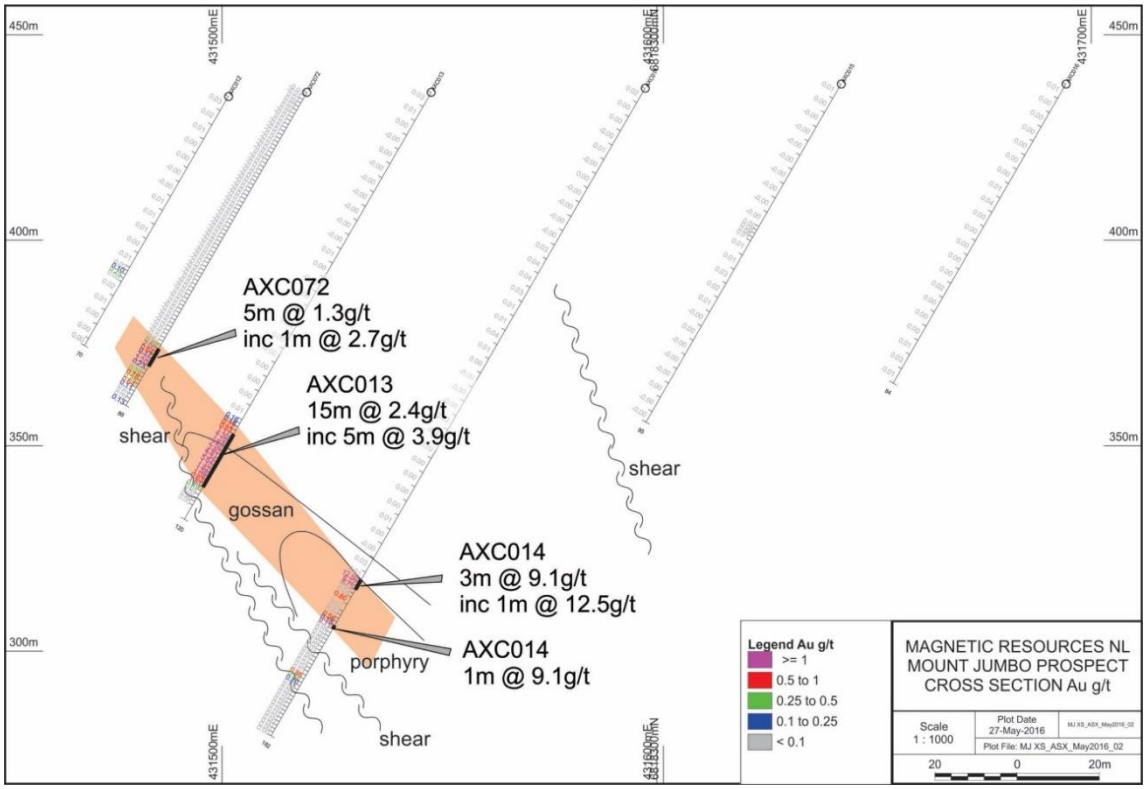

Figure 6. **Mt Jumbo cross section**

Hawks Nest 3

Hawks Nest 3 (Fig. 7 and 8) is a broad zone defined by surface sericite alteration of a porphyry and a mafic unit with an unusual carbonate rich sediment which have been drilled extensively down to 80m vertically. There is an extensive supergene gold mineralisation at 30-40m depth covering an area of 400m EW and 300m NS with 17 holes having values above 1g/t and a high value of 1m @13g/t from 22m in hole HNRC007 at 425176E 6825105N. An IP line is planned over the central part of this supergene zone to help define the down dip extent and source of the supergene zone prior to deeper drilling below 80m. Previous explorers include Metex May 1999 Wamex Report A67631and Exodus Minerals Annual Report 97-98 Wamex Report A53924.

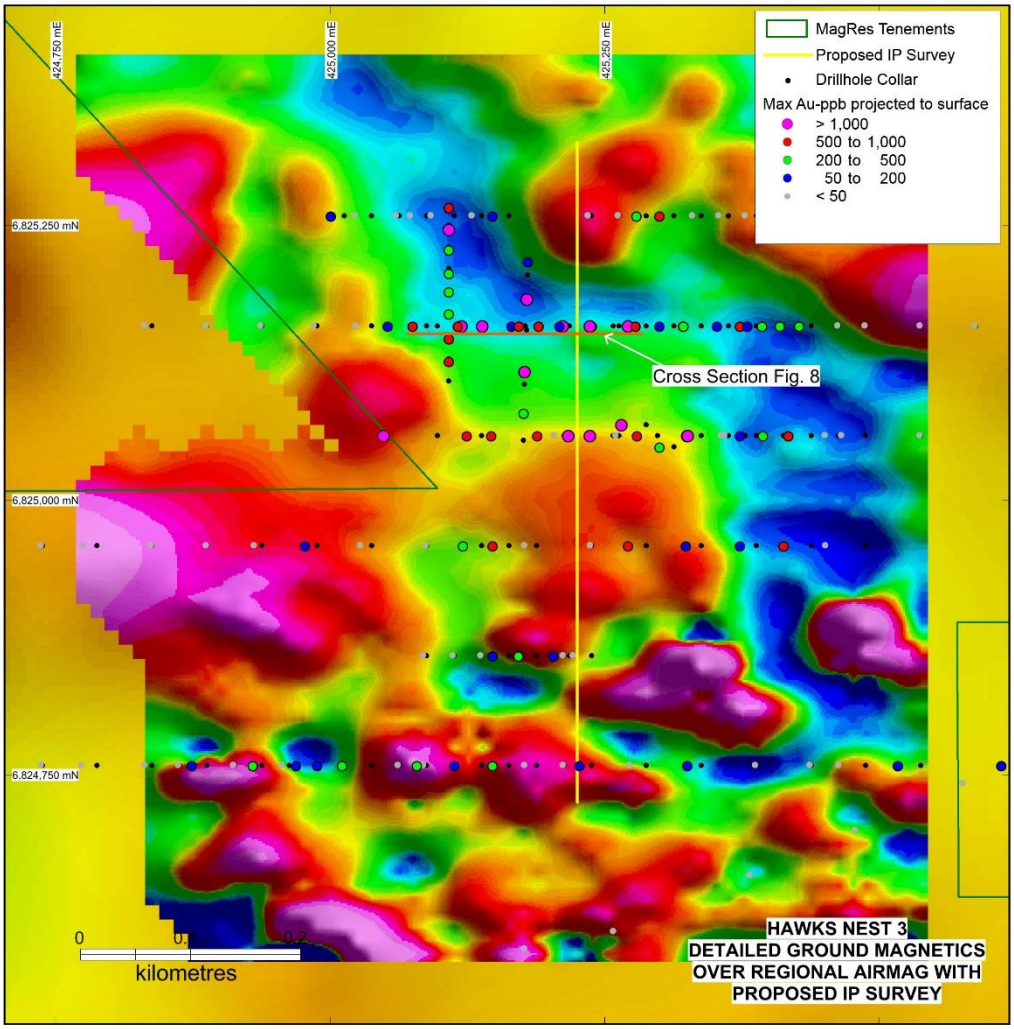

Figure 7. **Hawks Nest 3 ground magnetics, maximum gold intercepts projected to surface, proposed I.P. surveys and cross section.**

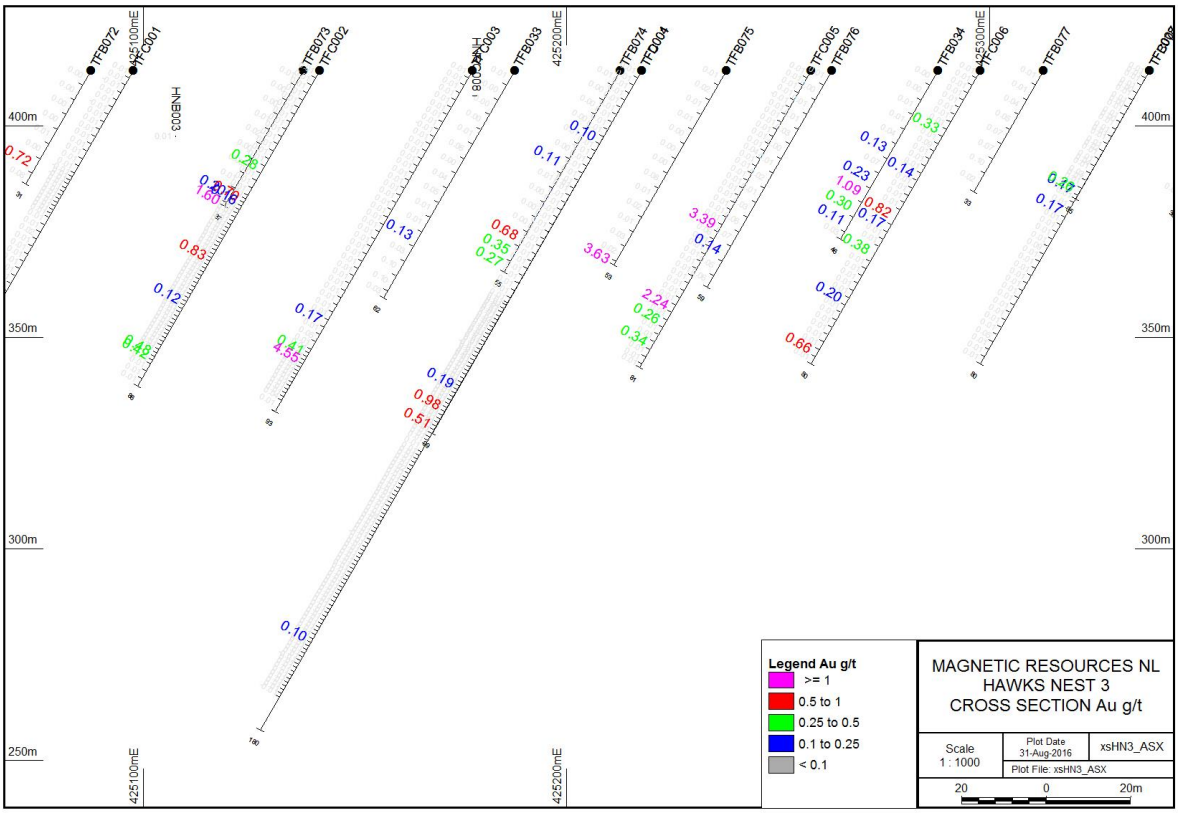

Figure 8. **Hawks Nest 3 cross section.**

Hawks Nest 7

The Marabou shear zone which is also called Hawks Nest 7 (Fig. 9) is 2.3km long and is well defined by a detailed cesium vapour ground magnetic survey completed recently. A number of anomalous gold intersections are present along this shear including 2m @ 110g/t from 38m within hole LJA0035 and 1m @ 3.6g/t from 44m in hole LJA0002. The shear zone is defined by quartz veins and disseminated sulphides and by a conductive zone as well. Two lines of IP are planned here to help define the sulphides at depth prior to any further deeper drilling.

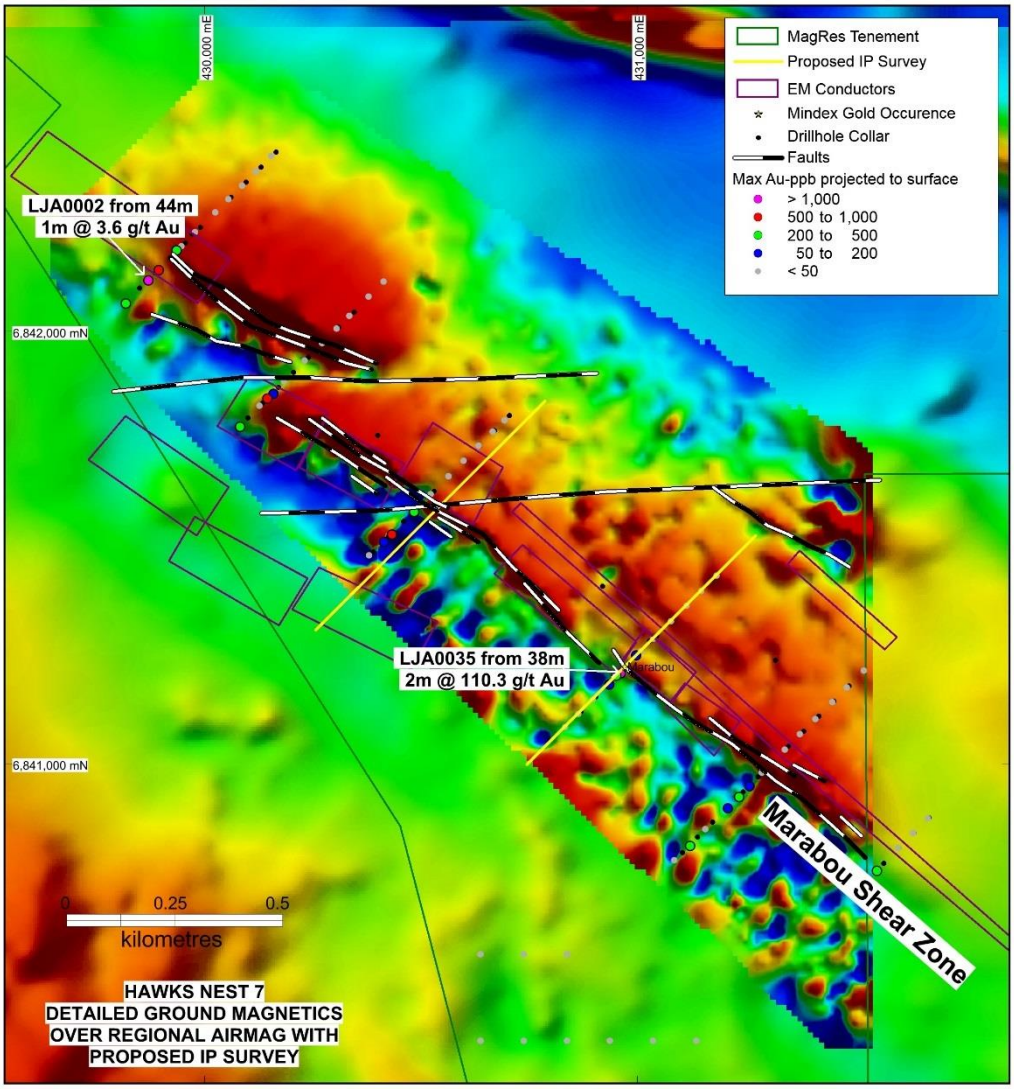

Figure 9. **Hawks Nest 7 ground magnetics, maximum gold intercepts projected to surface, EM conductors and proposed I.P. survey.**

Hawks Nest 4

The Hawks Nest 4 area has well defined magnetic mafic rocks which are disrupted by WNW structures. The southernmost structure has a number of historical diggings containing quartz veins and ironstones. Sample HNR017 (Table 2) had a high rock chip value of 51.7 g/t Au within an ironstone on surface from recent sampling. This is very encouraging and an IP line will be completed over this mineralised structural zone prior to drilling.

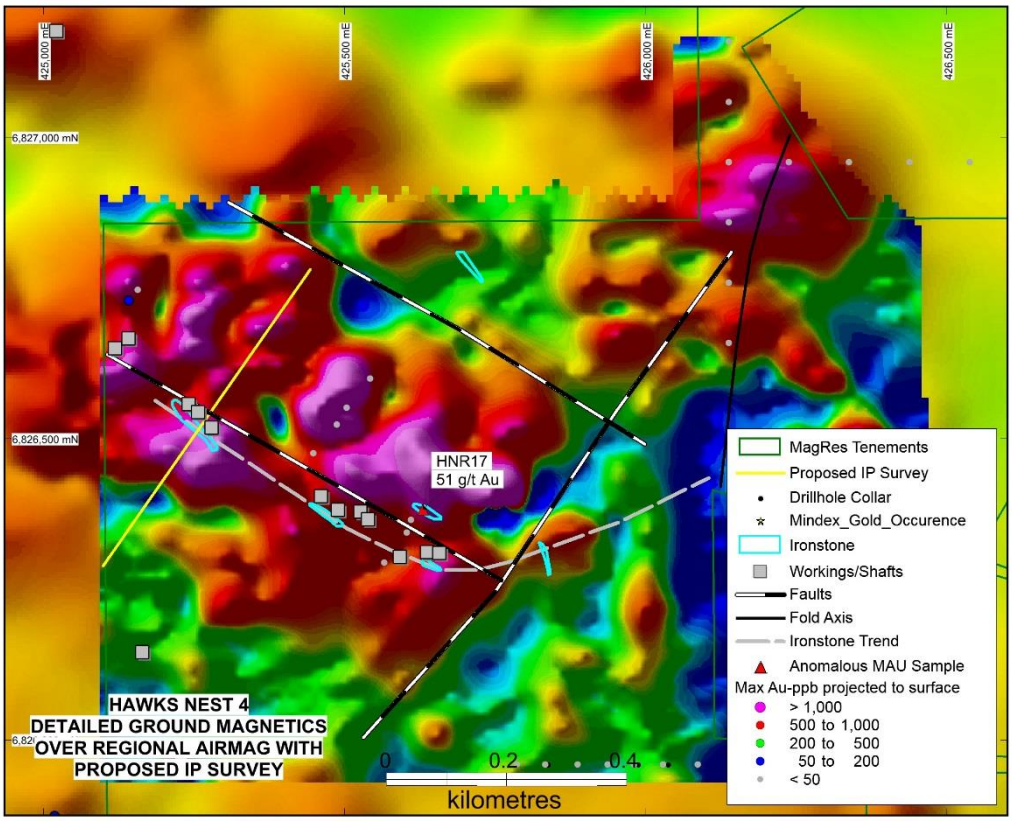

Figure 10. **Hawks Nest 4 ground magnetics, historical diggings, anomalous rock chip sample and proposed I.P. survey.**

Hawks Nest 5

Has a well-defined NS sheared strongly magnetic silicified banded magnetite-amphibolite unit that is up to 150m wide. A surface sample HNR08 from a working averaged 1.63g/t HNR06 (Table2) on the interpreted NS shear zone (Fig. 11). A line of I.P is recommended which will also cover part of the shear zone and some of the old Emerald diggings prior to any drilling.

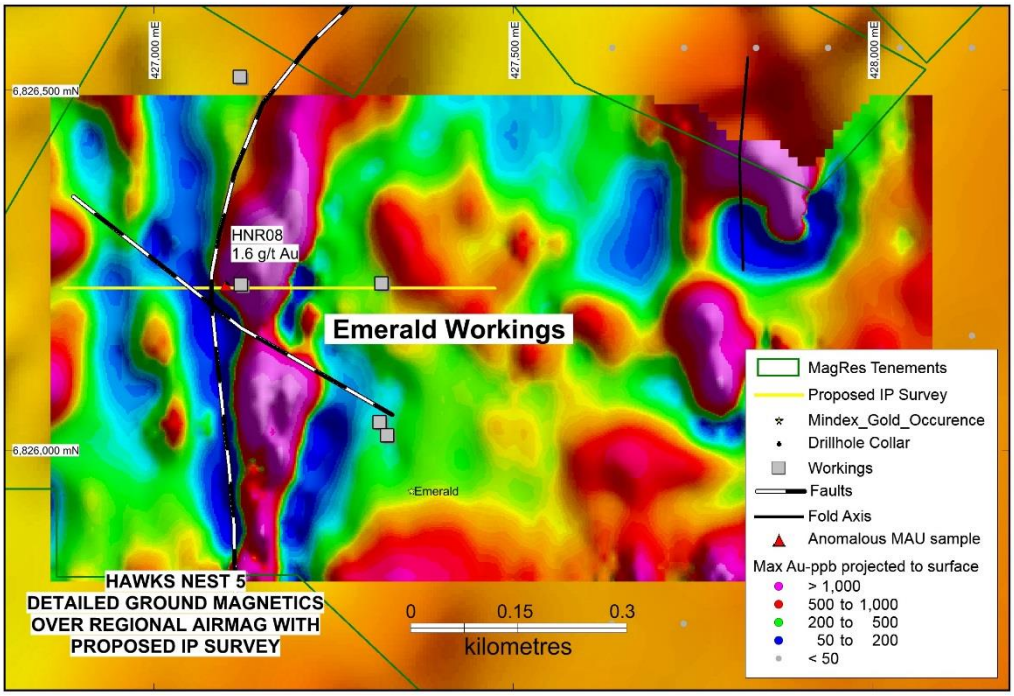

Figure 11. **Hawks Nest 5 maximum gold intercepts projected to surface, anomalous rock chip sample and proposed I.P survey.**

Hawks Nest 6

Hawks Nest 6 has two 400m diameter circular magnetic anomalous interpreted mafic units that are broken up by NNW trending faults. The intersection of the NNW and NNE faults is seen as prospective target area and a line of I.P. is planned there will also straddle the northern circular feature.

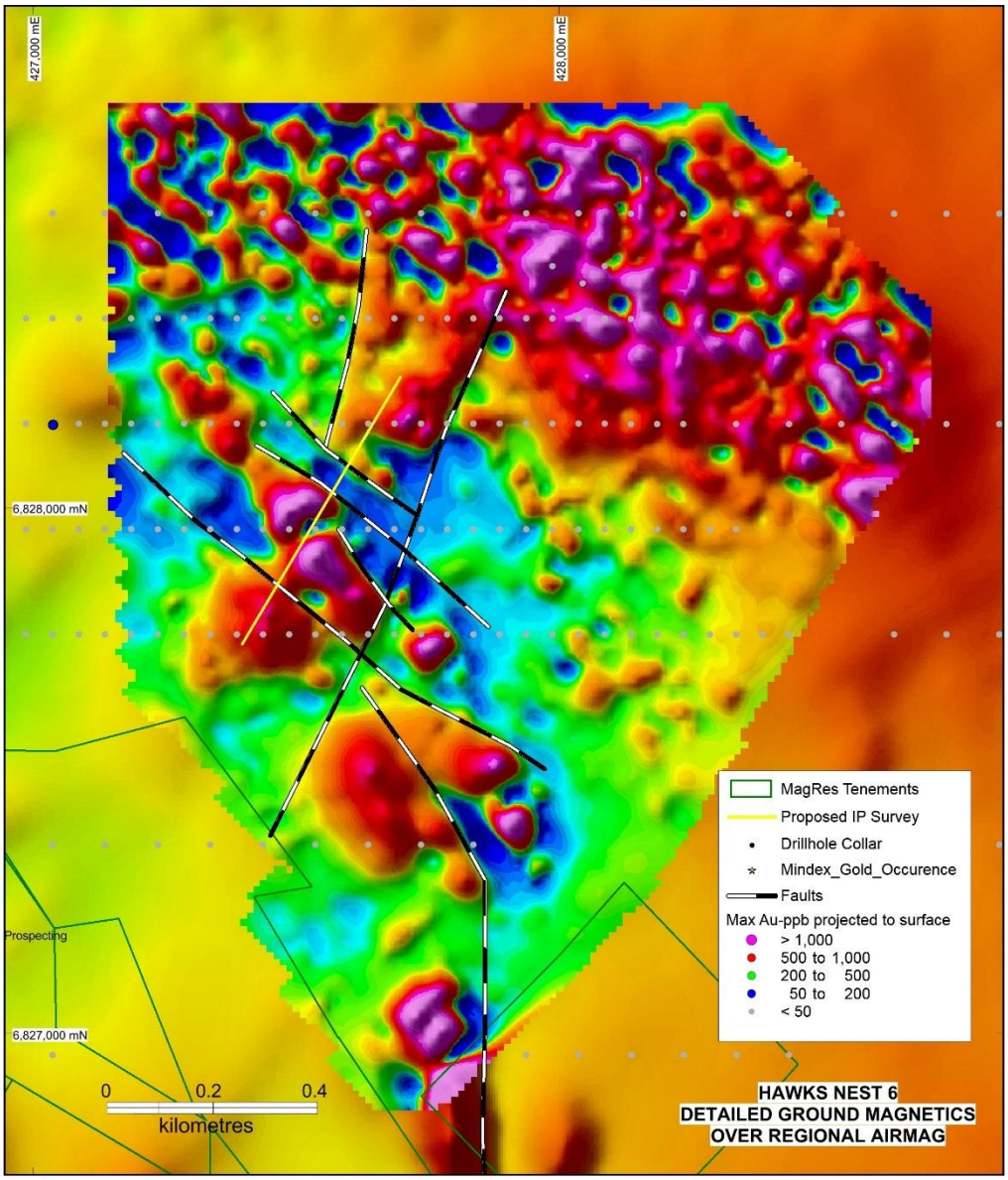

Figure 12. **Hawks Nest 6 ground magnetic survey and Proposed I.P. Survey.**

Table 1. **Mt Jumbo Significant (>2g/t) Gold Intercepts**

Hole_Id	MGA_East	MGA_North	From(m)	To(m)	Width(m)	Au g/t
AXA011	431958	6818960	48	52	4	2.4
AXC005	431612	6818340	72	73	1	6.9
AXC005			78	80	2	4.1
AXC005			96	97	1	5.1
AXC007	431548	6818366	70	71	1	2.7
AXC007			78	79	1	4.9
AXC007			85	86	1	2.2
AXC008	431572	6818367	85	86	1	2.6
AXC008			102	105	3	2.5
AXC008			108	109	1	2.2
AXC009	431591	6818354	130	131	1	2.1
AXC010	431642	6818330	173	173.5	0.5	4
AXC010			183.6	184.7	1.1	2.2
AXC013	431548	6818319	97	98	1	4.4
AXC013			100	105	5	4
AXC014	431597	6818300	138	141	3	9.1
AXC014			151	152	1	9.1
AXC019	431603	6818410	79	80	1	2.7
AXC019			90	91	1	2.1
AXC019			96	98	2	3.1
AXC047	431398	6818111	28	32	4	3.7
AXC048	431444	6818092	104	108	4	7.2
AXC058	431986	6818949	102	106	4	2.5
AXC064	432089	6819123	110	112	2	4.6
AXC065	431555	6817833	99	100	1	8.8
AXC068	431441	6818148	42	43	1	2.2
AXC069	431460	6818194	43	45	2	3.8
AXC069			46	47	1	2.6
AXC070	431478	6818240	58	60	2	4.1
AXC072	431520	6818331	72	73	1	2
AXC072			75	76	1	2.7
AXC073	431576	6818416	55	58	3	2.7
AXC073			62	63	1	3.3
AXC074	431618	6818453	64	65	1	2.6

Table 2. **Rock Chip Sampling August 2016**

Sample No	East	North	Description	Au ppm	Ag ppm	As ppm
Hawks Nest 6	MGAz51	MGAz51				
HNR01	427579	6828039	Porphyry with possible disseminated magnetite. Float.	<0.001	0.02	<0.5
HNR02	427848	6828145	Sheared porphyry with minor pyrite voids.	0.005	0.07	1.1
HNR03	427848	6828145	Ferruginous quartz float.	<0.001	0.04	1.1
HNR04	427923	6827397	Quartz-ironstone float on dolerite (gabbro)-porphyry contact.	0.003	2.12	1.3
Hawks Nest 5						
HNR05	427308	6826235	Ferruginous quartz from pit spoil at the Emerald workings.	0.120	0.19	1.1
HNR06	427135	6826036	Banded magnetite-amphibolite (mylonite?) in porphyry.	0.004	0.09	0.7
HNR07	427116	6826202	Quartz veined, fresh silicified fine grained magnetite-amphibolite (mylonite?) in porphyry.	0.010	0.18	0.7
HNR08	427100	6826229	Silicified fine grained mafic rock with quartz veins from old digging.	1.630	3.45	0.7
HNR09	427166	6826522	Silicified fine grained mafic (?) rock with quartz veins from old digging.	0.011	0.04	1.1
HNR10	427166	6826522	Ferruginous quartz veined mafic schist from pit spoil.	0.230	0.37	1.1
HNR11	427304	6826240	1m quartz vein in altered porphyry, Emerald workings.	0.047	0.4	2.3
HNR12			No sample.			
Hawks Nest 4						
HNR13	426111	6826194	Ferruginous quartz breccia float.	0.002	0.05	5.2
HNR14	426145	6826812	Quartz-ironstone float.	0.003	0.64	4
HNR15	426573	6827061	Ferruginous hardpan from Brian Roberts' prospecting pit.	0.041	0.06	3.6
HNR16	426111	6826040	Ironstone float and sub outcrop.	<0.001	0.09	1.5
HNR17	425630	6826382	Quartz-ironstone sub outcrop.	51.690	14.63	72.2
HNR18	425603	6826343	Ferruginous quartz vein (outcrop).	0.200	0.91	4.2
Hawks Nest 3			No samples.			

Table 2 Continued. **Rock Chip Sampling August 2016**

Sample No	East	North	Description	Au ppm	Ag ppm	As ppm
Hawks Nest 2			No samples.			
Jumbo SW			No samples.			
Hawks Nest 1						
HNR19	427695	6819274	Quartz veined, weakly pyritic flaggy quartzite (fine grained felsic?)	0.085	0.1	0.8
HNR20	427573	6819150	Sheared serpentinite	0.010	<0.01	<0.5
Hawks Nest 7						
HNR21	430262	6841849	Black quartz-ironstone float.	0.035	0.3	205.7
HNR22	430252	6841870	Ferruginous quartzite and quartz-ironstone float.	0.026	0.51	21.2
HNR23	430163	6841873	Banded ferruginous quartzite sub outcrop.	0.110	0.36	105
HNR24	429940	6842148	Ferruginous banded felsic (?) volcanic.	0.004	0.2	3.1
Kowtah						
KTR01	398346	6817755	Granite chips from bottom of Metex drill hole.	0.004	0.05	1.2
Mertondale						
MDR01	351700	6837844	Dark brown/black ironstone nodules at Breakaway Bore.	0.002	0.04	2.6
MDR02	351821	6838515	Dark brown/black ironstone nodules.	0.003	0.03	2
MDR03	352195	6839283	Dark brown/black ironstone nodules.	0.002	0.04	1.5
MDR04	352535	6840311	Dark brown/black ironstone nodules.	0.001	0.03	1.7
MDR05	352018	6838845	Fresh pink granite chips in old drill hole.	<0.001	0.02	0.6

NEW TENEMENTS AND BACKGROUND

The Leonora-Laverton district is well endowed with large world class gold deposits. A regional study by the Company has so far identified a total of 5 Project areas totalling 272sq km (Fig.1 & 2) that have the potential to host large scale deposits. These tenements are within 50km of existing gold operations, opening the possibility for toll treating. The Gold tenements now held by Magnetic include: Mt Jumbo E38/3100 and P38/4201 (17sqkm); Kowtah P39/8694-8697 and P39/5617 (9sqkm); Hawks Nest E38/3127 (150sqkm) Mertondale E37/1258 (81sqkm); Christmas Well P37/8687-8694 (14sqkm).

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. This belt is well endowed with over 34Moz (mined plus resources) being second to the Kalgoorlie region in WA.

A number of very large deposits (Fig.1) are present including: Wallaby (>7.1Moz mined plus resource), Sunrise Dam (>10Moz mined), Granny Smith (>6Moz 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 and 20km north of the Wallaby deposit respectively.

Work planned by the Company will be focused on extensions of any known mineralised zones within the tenements, identified by previous exploration, and large scale localised features identified by geological and geophysical interpretation, that are prospective for large scale deposits which appear to be largely untested.

Initial work over targets identified is expected to be will include gold soil geochemistry and ground magnetics, which in some cases can identify near surface mineralisation. The Company will also examine the effectiveness of any historical work including assessment of whether the drill depth was adequate.

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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.