



magnetic resources^{NL}

September 2016

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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	152,662,817
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

- ❑ Magnetic Resources offer a very unique investment opportunity.
- ❑ 5 new gold projects within 20km of the 7moz Wallaby deposit within the Laverton field WA.
- ❑ Two well defined gold rich shear zones Mt Jumbo (>1.3km) and Marabou (2.3km) and at least 12 intrusive Jupiter style Targets. At least 4 RC holes planned for Mt Jumbo in September.
- ❑ At least 4 other projects being followed up with I.P to help define deeper gold targets below existing gold zones, structures, shear zones prior to deeper drilling.

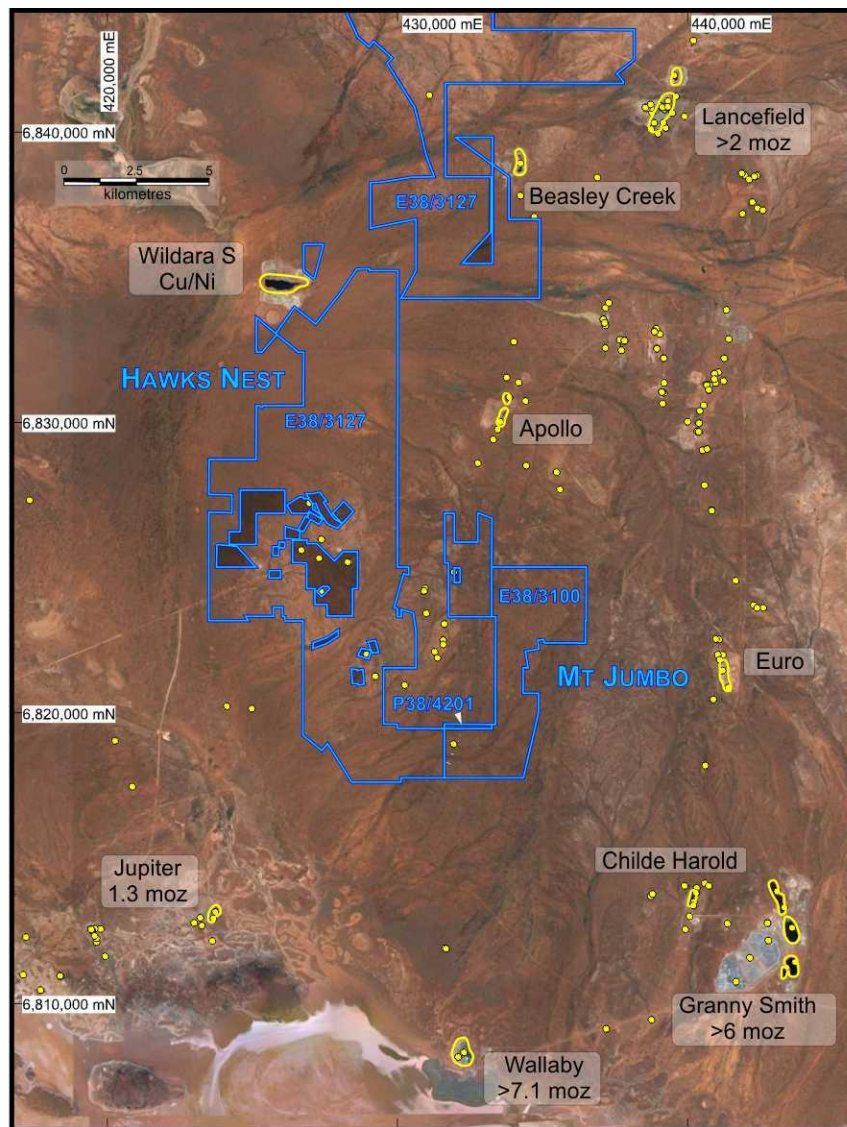
Leonora-Laverton Gold Projects Background

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 areas totaling 272 sq. km 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 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 style targets.
- 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 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 north of the Wallaby deposit.

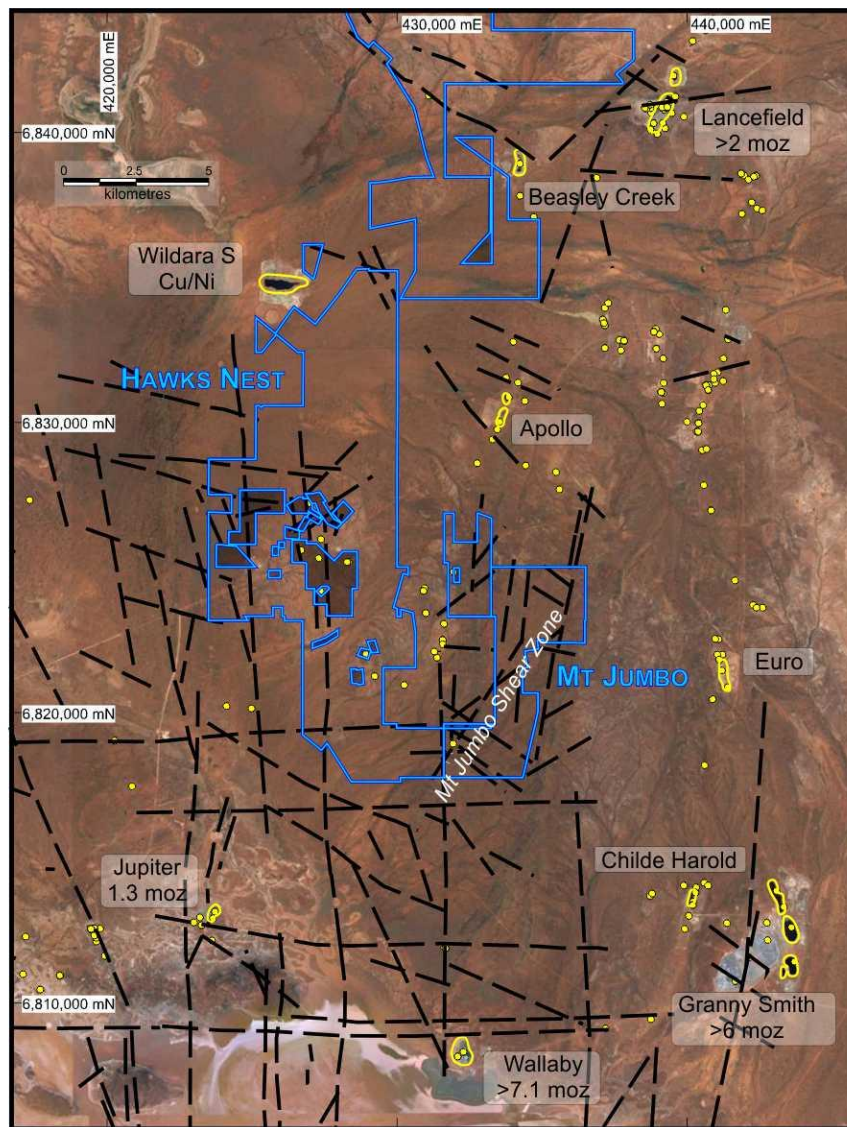
Laverton Gold Mines

- Legend
- MAU Tenement
 - Major Mines Labeled
 - Gold Occurrence



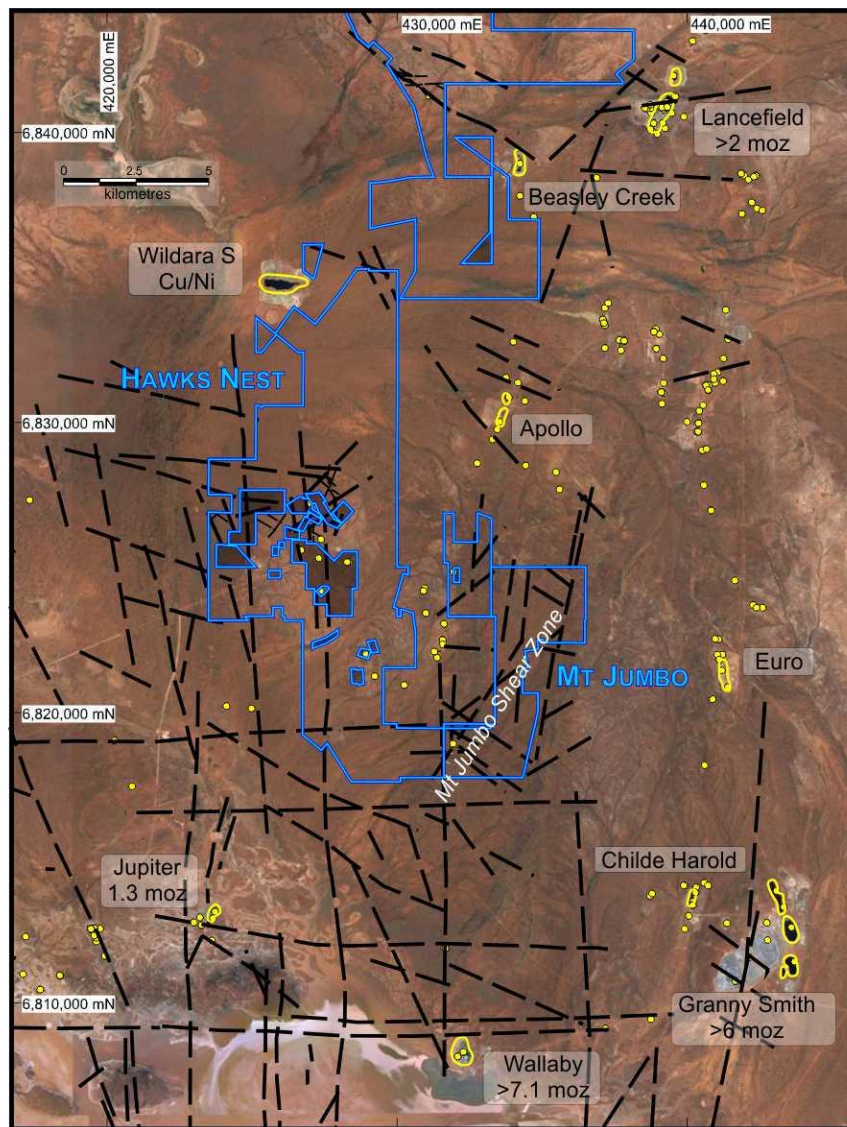
Laverton Gold Mines and Major Faults

- Legend
- MAU Tenement
 - Major Mines Labeled
 - Gold Occurrence
 - Major Faults



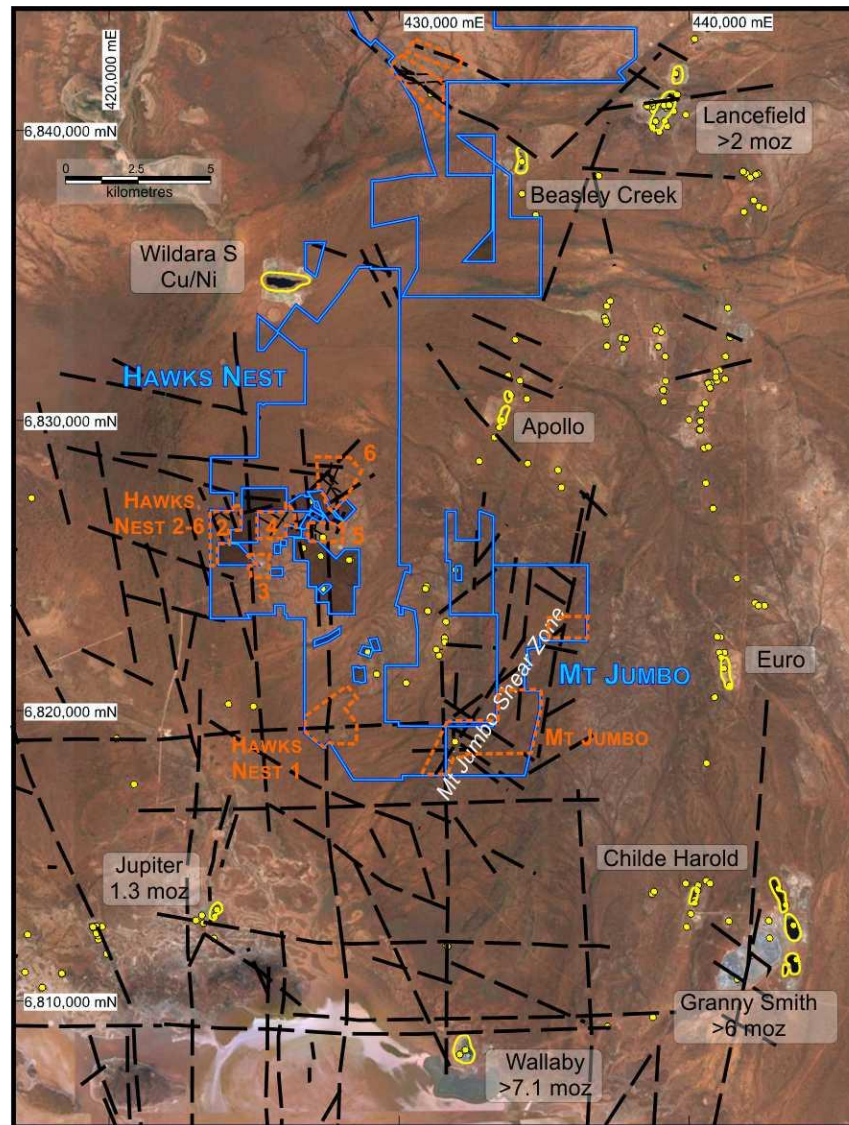
Laverton Gold Mines and all Faults

- Legend
- MAU Tenement
 - Major Mines Labeled
 - Gold Occurrence
 - Major Faults
 - Minor Faults

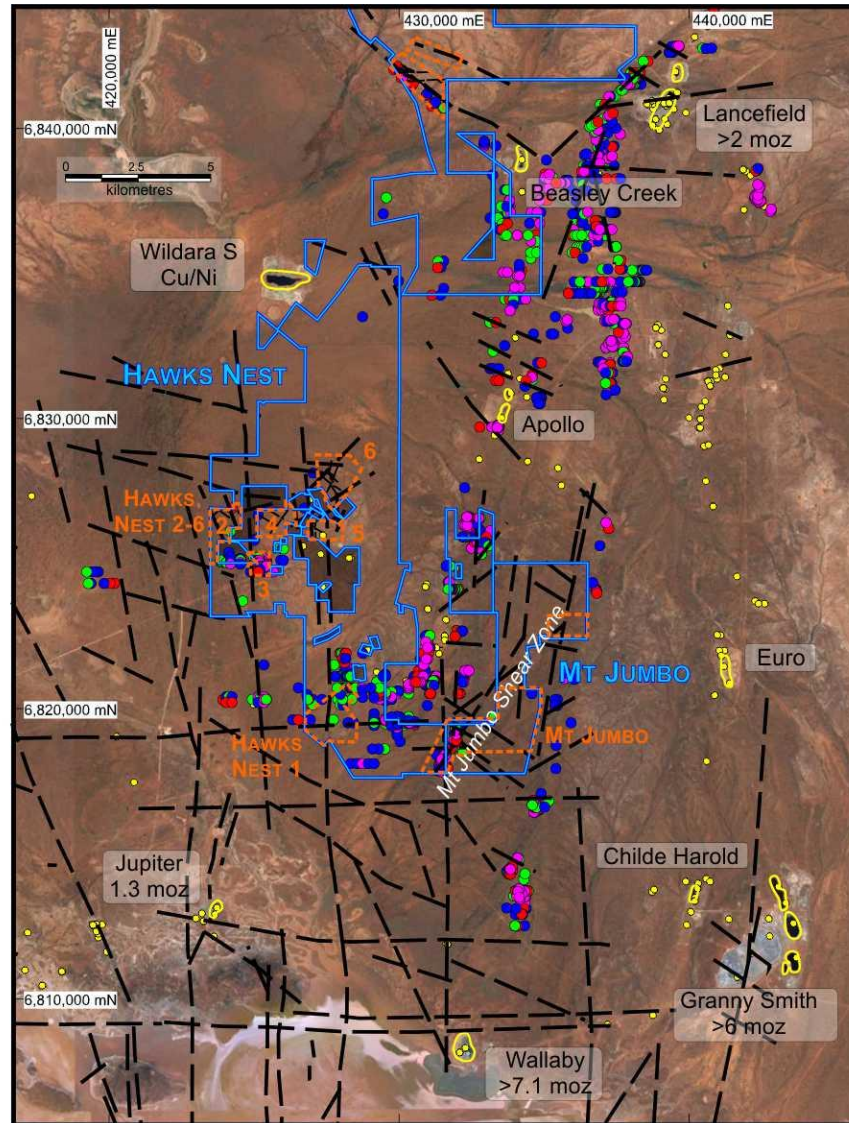
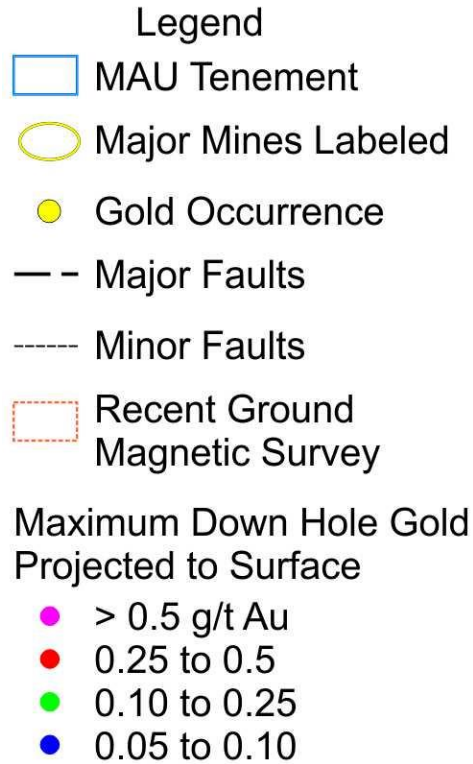


Laverton Gold Mines, Faults and Ground Magnetic Surveys

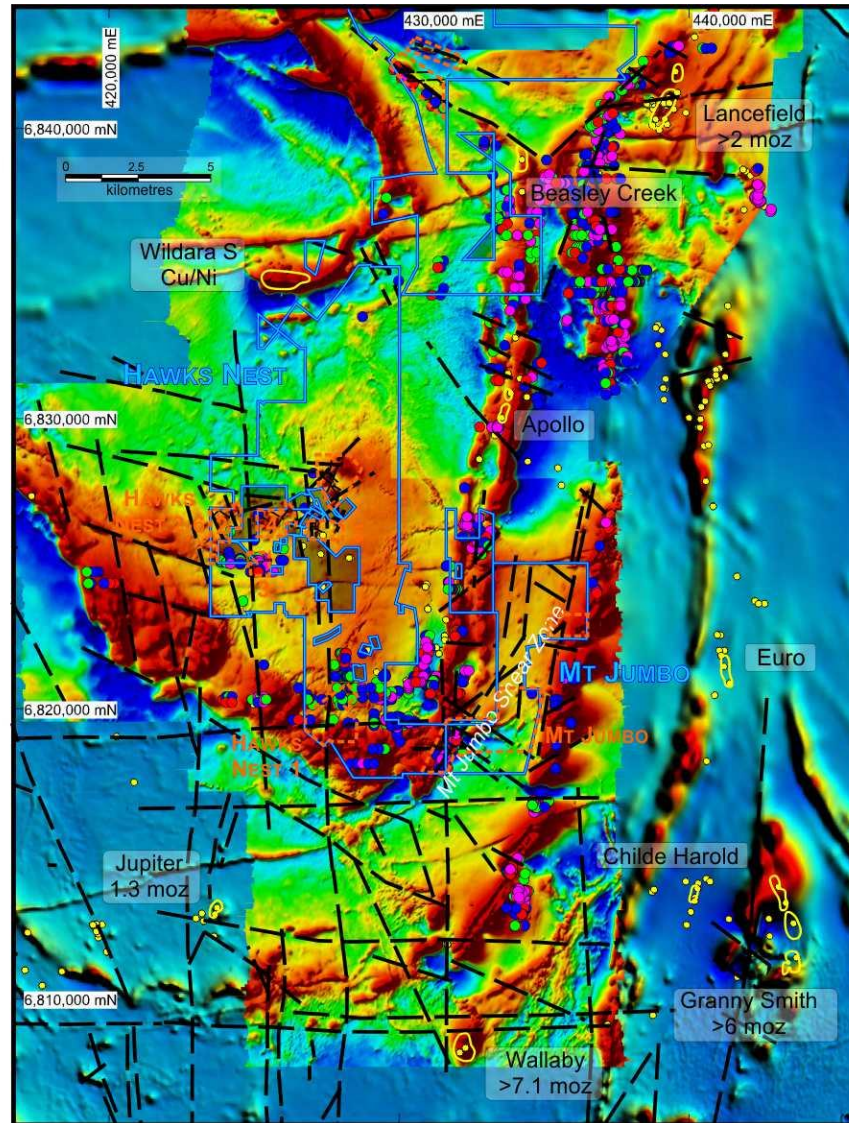
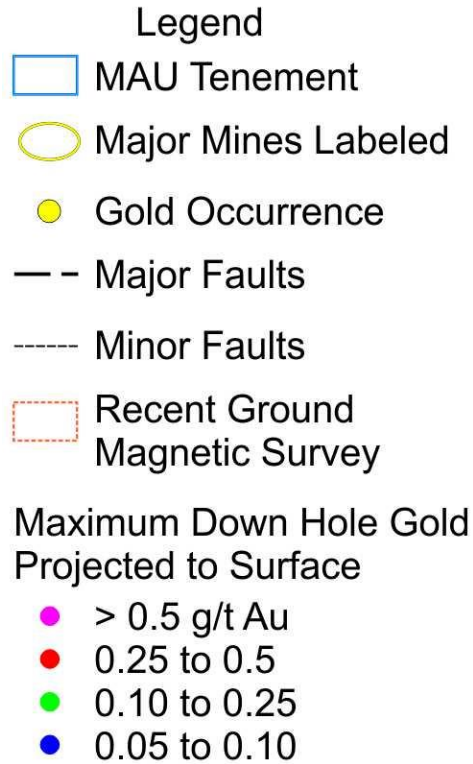
- Legend
- MAU Tenement
 - Major Mines Labeled
 - Gold Occurrence
 - Major Faults
 - Minor Faults
 - Recent Ground Magnetic Survey



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

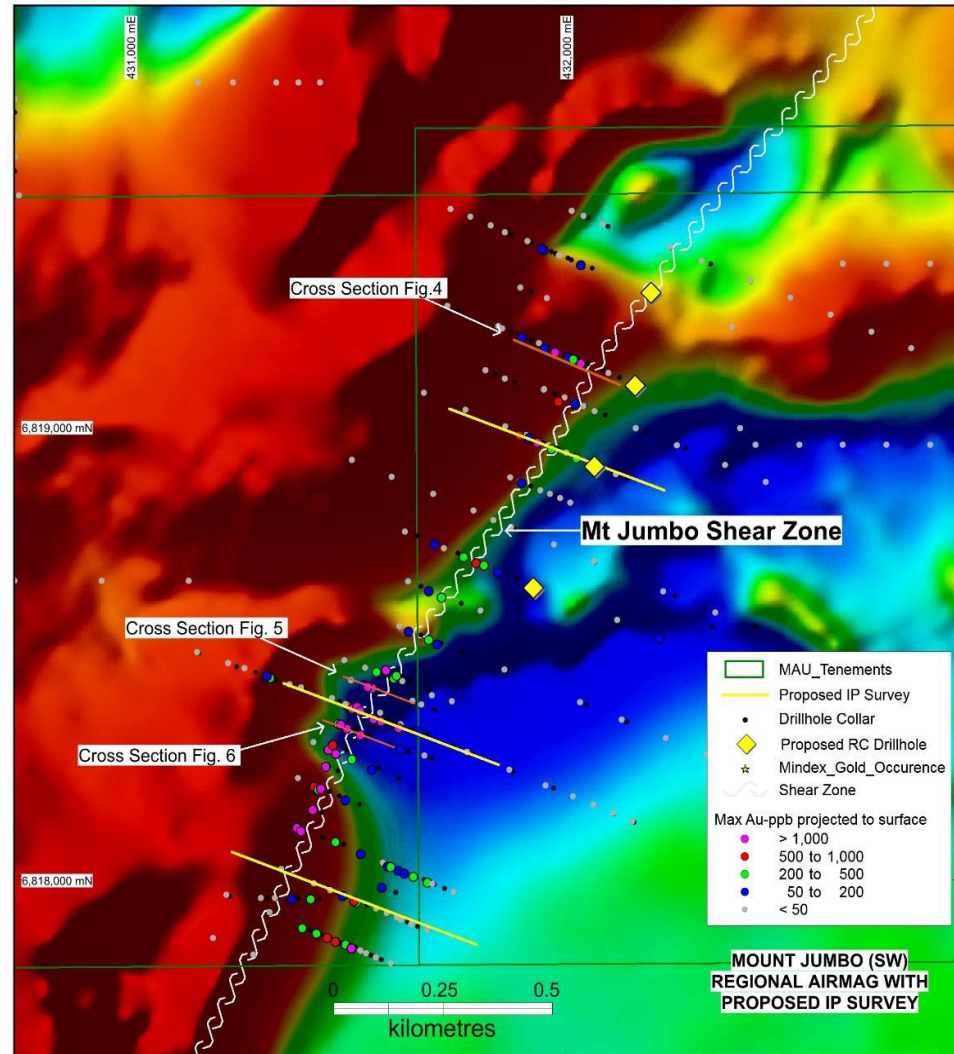


Laverton Gold Mines, Faults, Ground Magnetics, Drill Hole Max Gold, Aeromagnetics



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 historical drilling reports (Normandy Exploration, Mt Ajax Interim Report Oct 1996 to April 1997). This forms a splay off the main NS fault that passes adjacent to Wallaby.
- ❑ Over 78 RC and Diamond holes completed along shear zone.
- ❑ Average depth of 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
- ❑ IP designed to map gossanous shear zone at depth
- ❑ At least four 200m long RC drill holes planned to test for depth continuity of shear zone



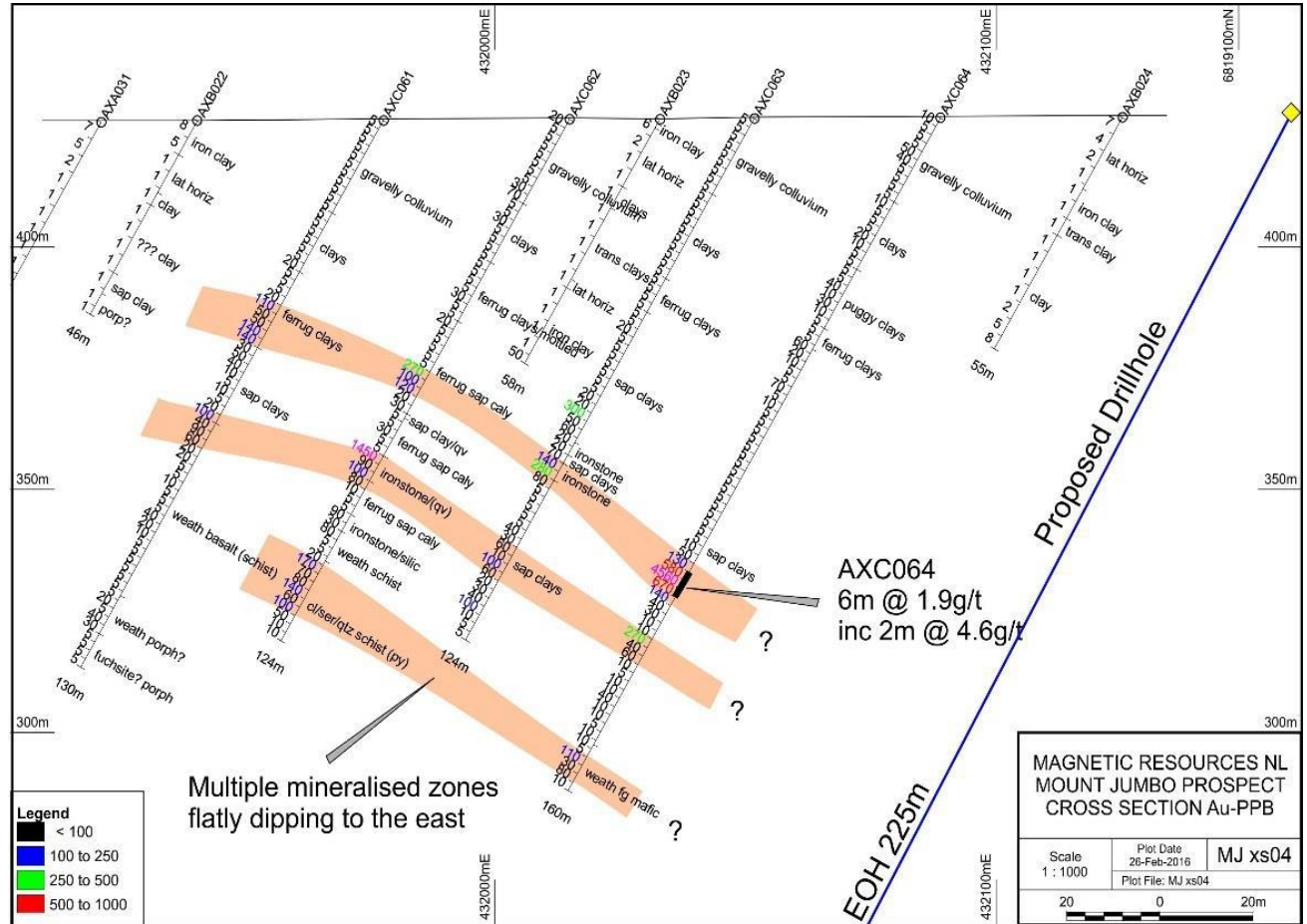
Historical drilling, detailed aeromagnetics, planned I.P. and RC holes

Laverton Gold Project – Mt Jumbo Drill Section

This intersection of 6m @ 1.9g/t is open at depth and along strike.

The mineralisation also extends along strike.

This is surprising as the RC holes have only been completed down to a relatively shallow average 90m vertical depth with better intersections below the saprolite clay layers often associated with ironstone and quartz veins on the contact between ultramafics and mafic rocks.



Historical drilling cross section AB

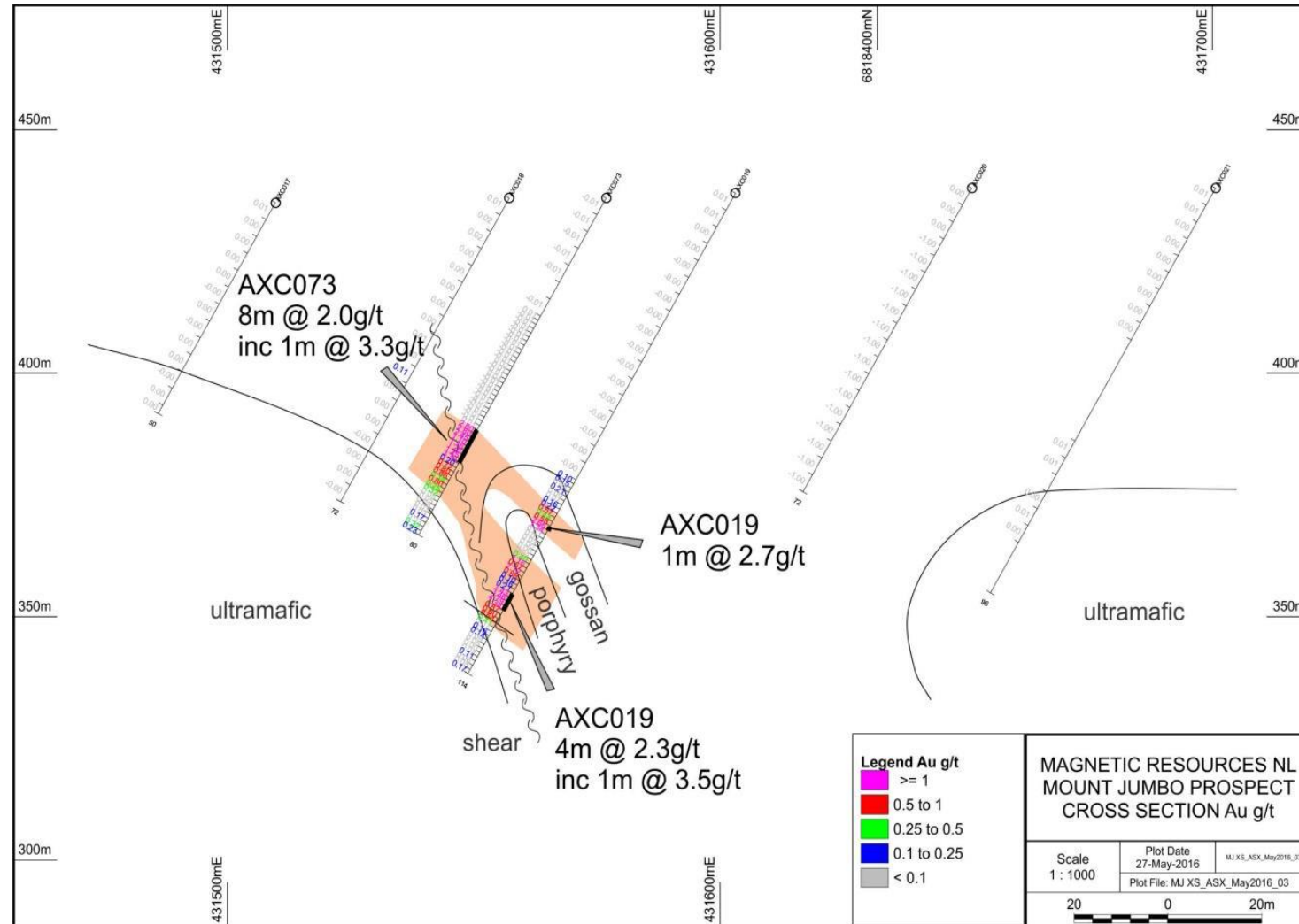
Laverton Gold Project – Mt Jumbo Drill Section

Significantly, the mineralisation in some cases appears to be flatly dipping to the east with evidence of multiple mineralized zones.

Similar in geometry to other deposits in the region including the Wallaby deposit (>7Moz).

These open-ended multiple zones provide encouragement for both deeper and down dip drilling in the future.

Drilling for Wallaby style deposits implies there is potential for multiple flat dipping zones extending to significant depth



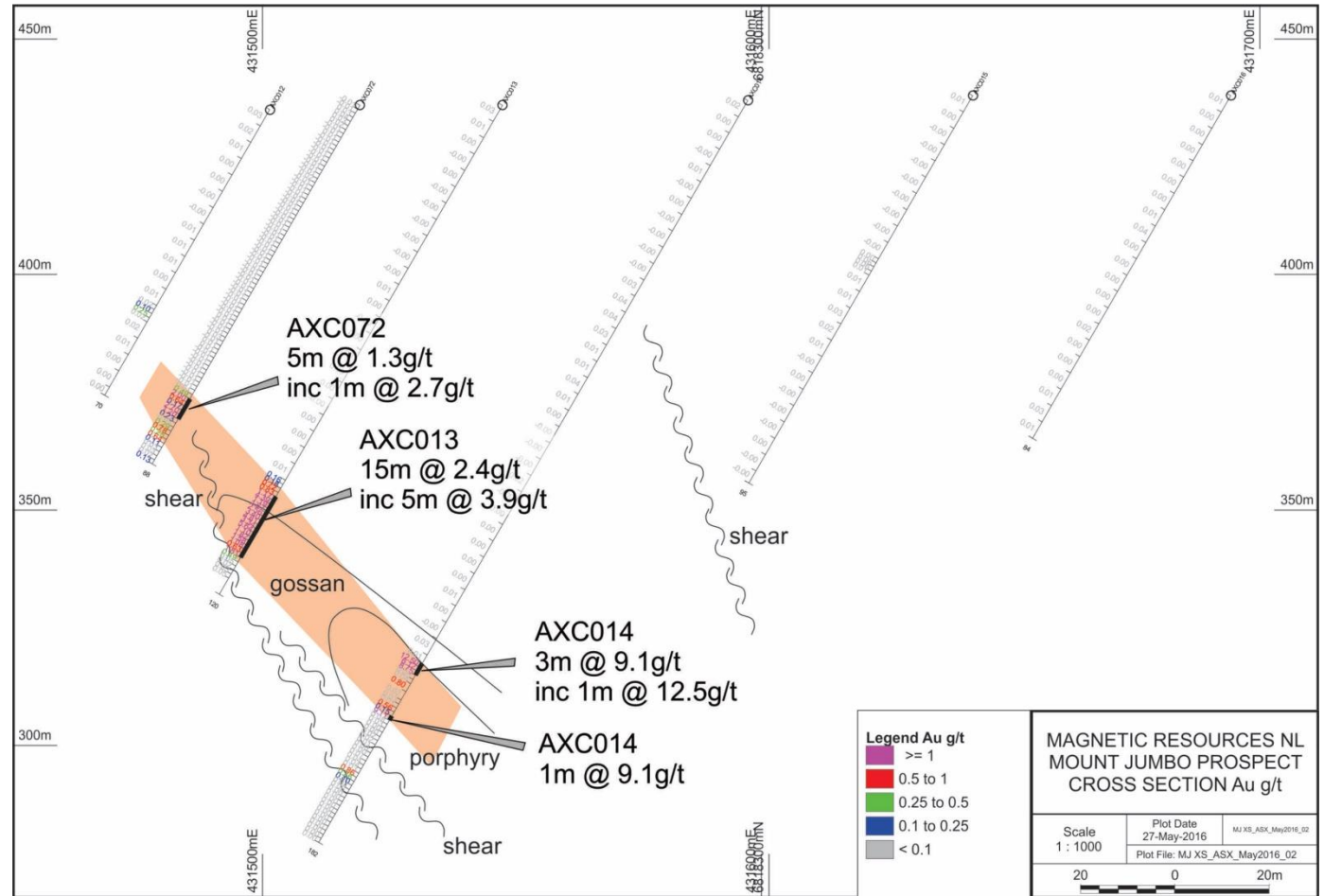
Historical drilling cross section CD

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.

Similar in geometry to other deposits in the region including the Wallaby deposit(>7Moz).

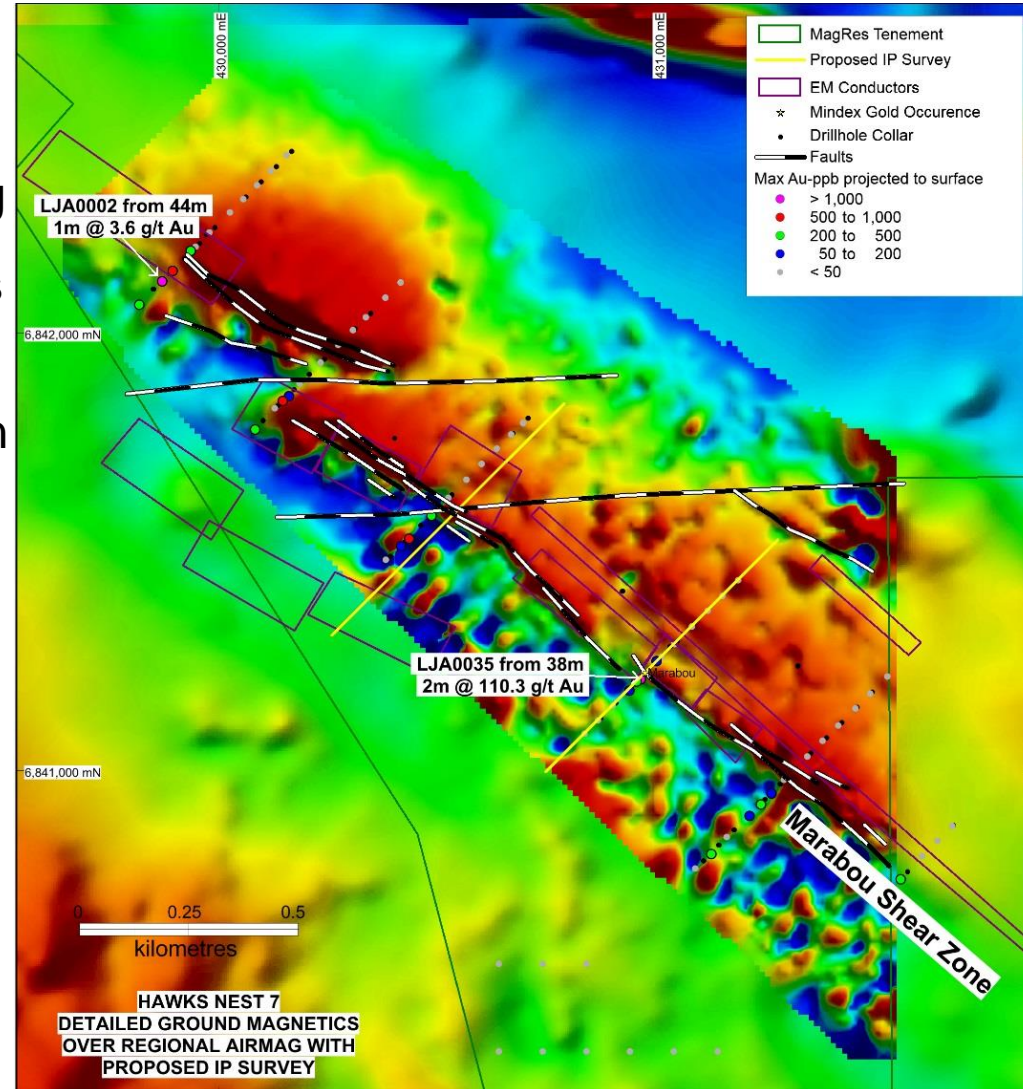
These open zones provide encouragement for down dip drilling in the future.



Historical drilling cross section

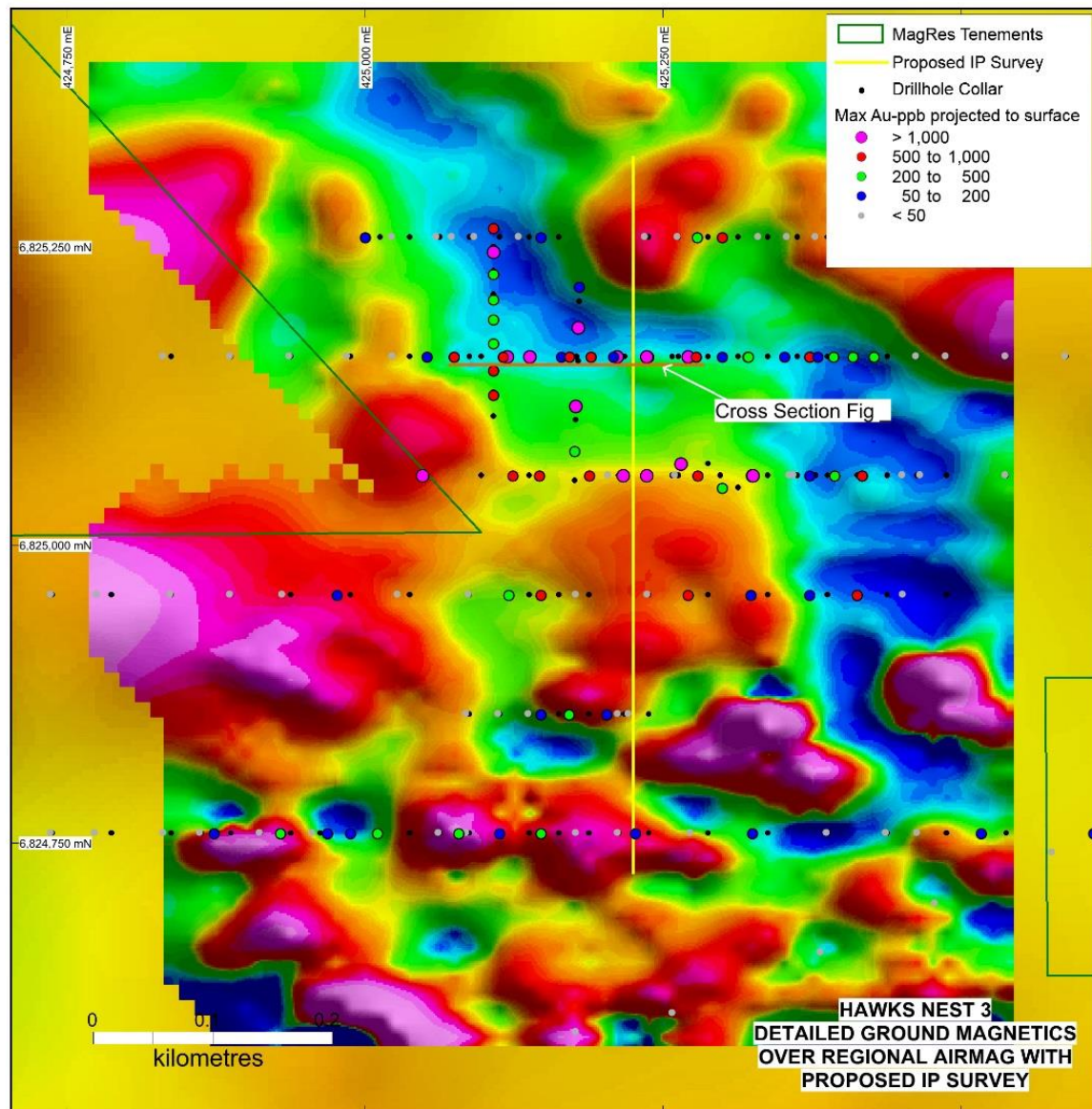
Laverton Gold Projects Hawks Nest 7

- Marabou shear zone greater than 1.3 km long
- Shear zone well defined by ground magnetics and ground EM.
- Strongly anomalous 2m @ 110g/t from 35m in drill hole LJA0035.
- Gold zones defined by quartz veins and disseminated sulphides.
- IP designed to map sulphides prior to drilling.



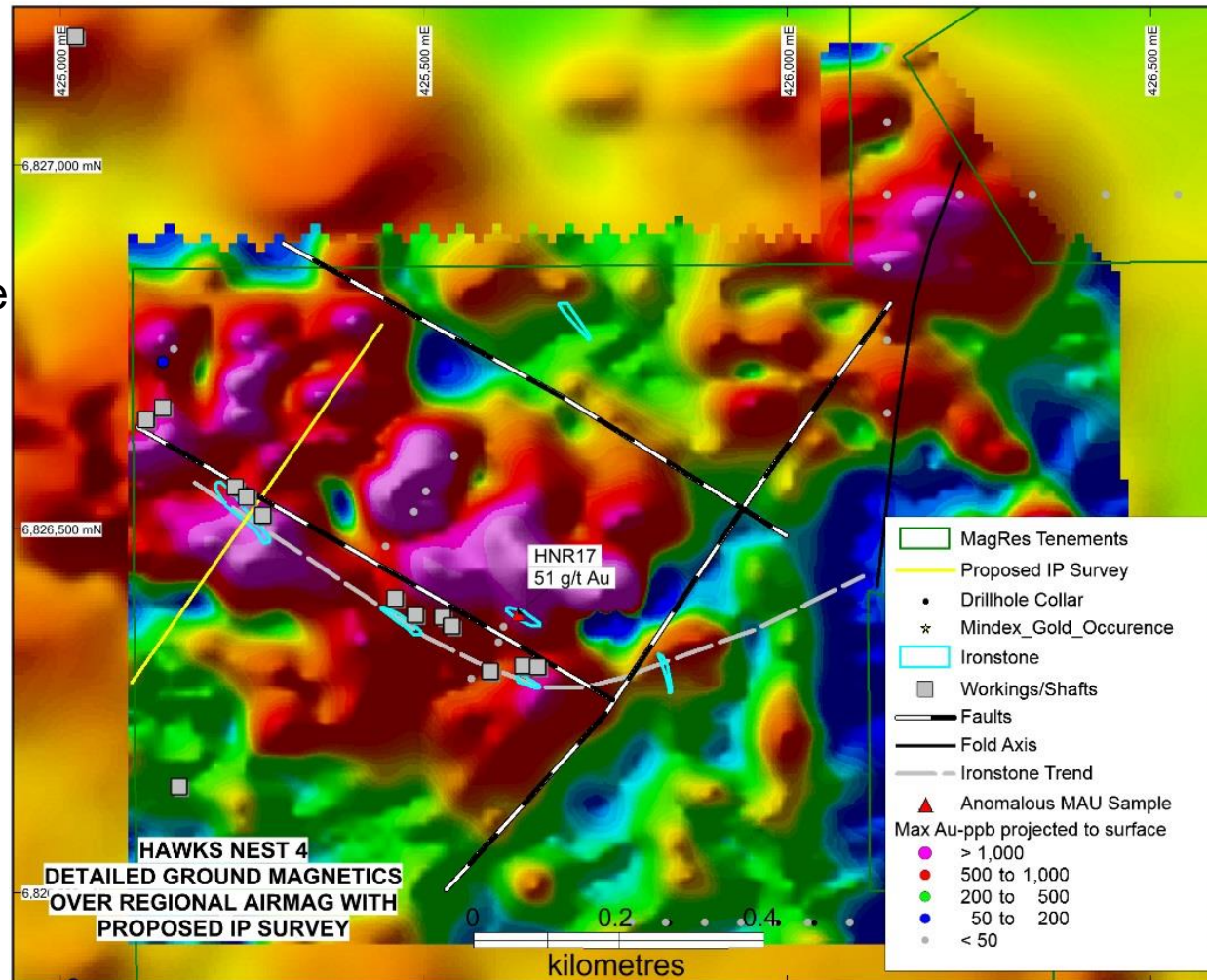
Laverton Gold Projects Hawks Nest 3

- Sericite alteration of porphyry
- 17 holes have grades above 1g/t and a high value of 1m@13g/t.
- Extensive supergene zone over 400mx300m at 30-40m depth.
- Long I.P. line designed to target mineralisation source below supergene zone.



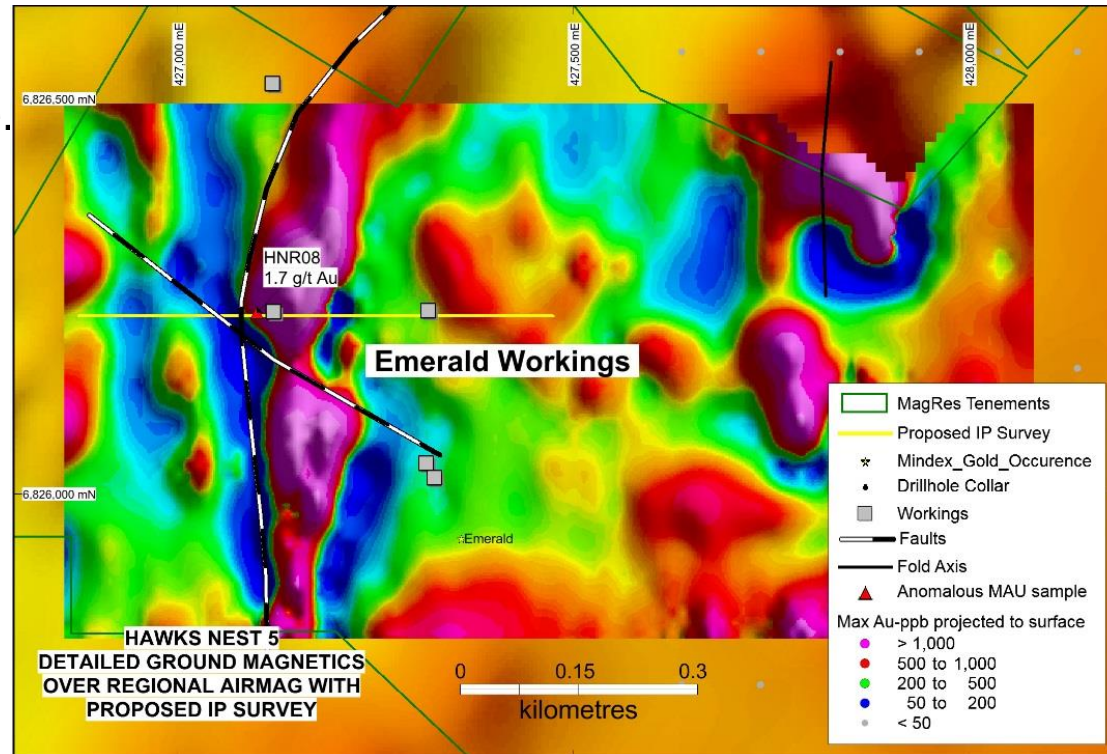
Laverton Gold Projects Hawks Nest 4

- Well defined mafic units with WNW structure with shallow workings.
- HNR017 rock chip had a high value of 51.7 g/t within an ironstone.
- IP line designed to test for deeper mineralisation.



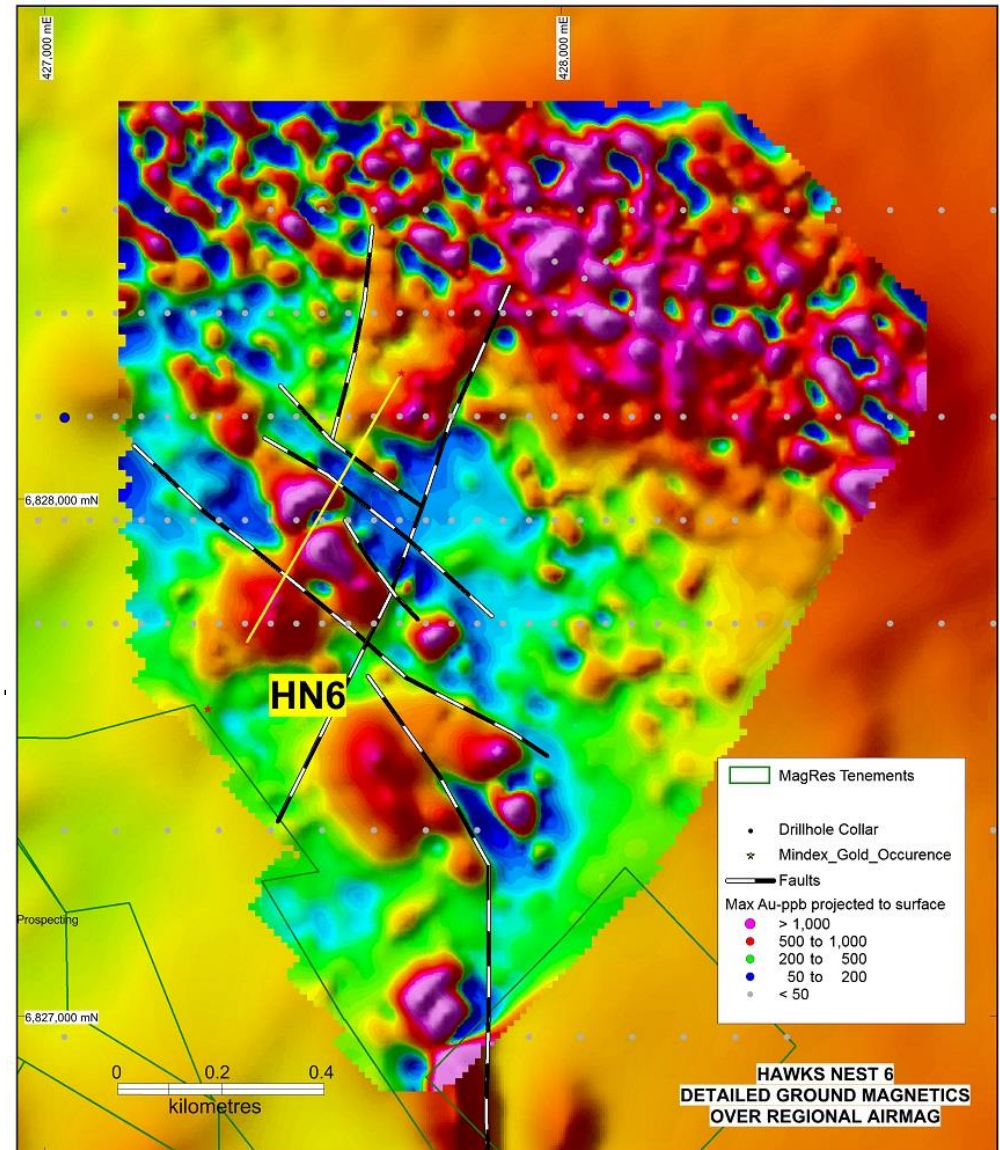
Laverton Gold Projects Hawks Nest 5

- 800mx150m sheared banded amphibolite.
- Surface sample of 1.6g/t in working.
- IP to test shear zone and Emerald workings prior to drilling



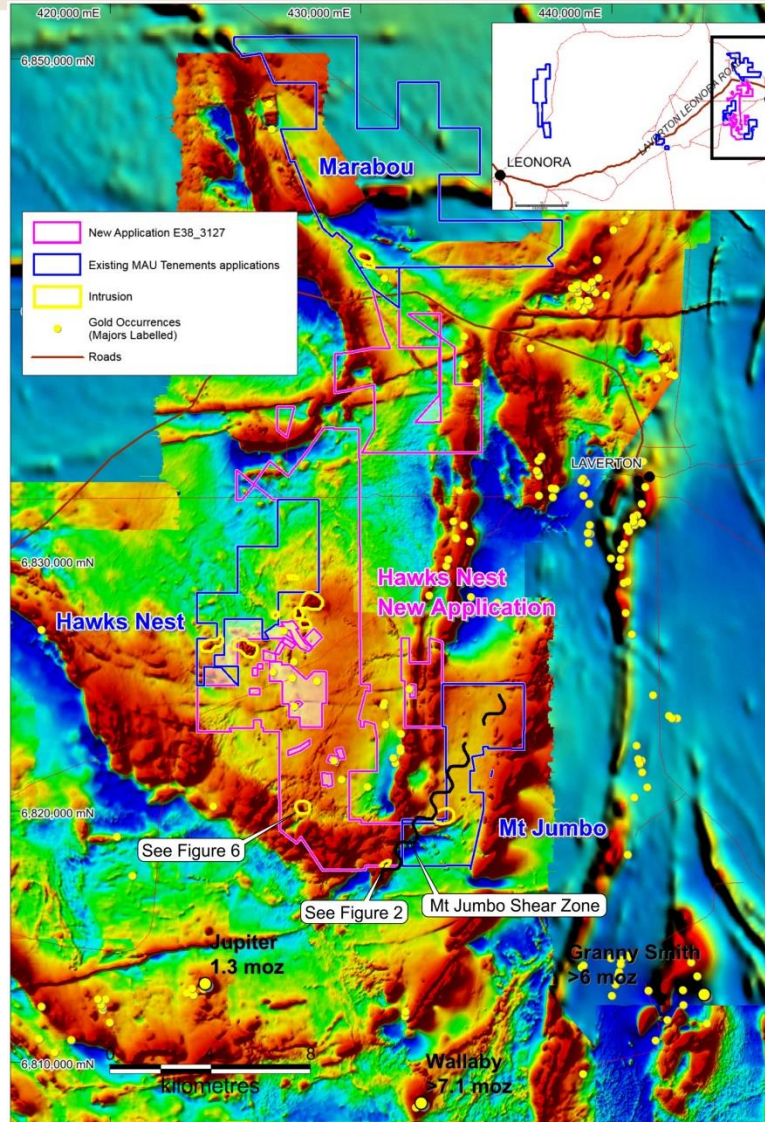
Laverton Gold Projects Hawks Nest 6

- 2x400m diameter circular mafic units.
- Intersection of NNW and NNE structures
- IP line testing for deeper gold mineralisation.



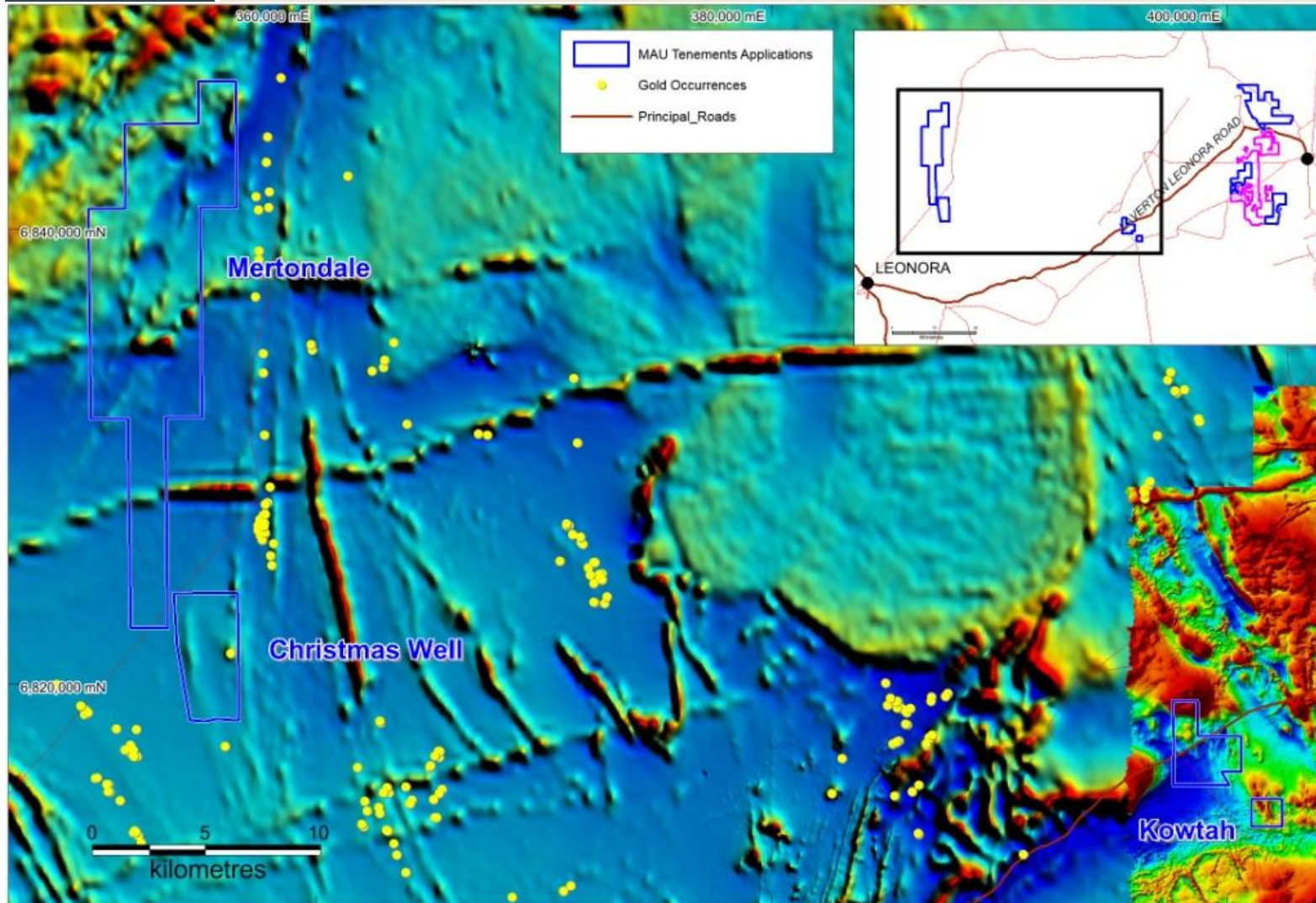
Laverton Gold Project Locations

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



Leonora-Laverton Gold Project Locations

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



Leonora-Laverton Gold Project – Wallaby NS Section

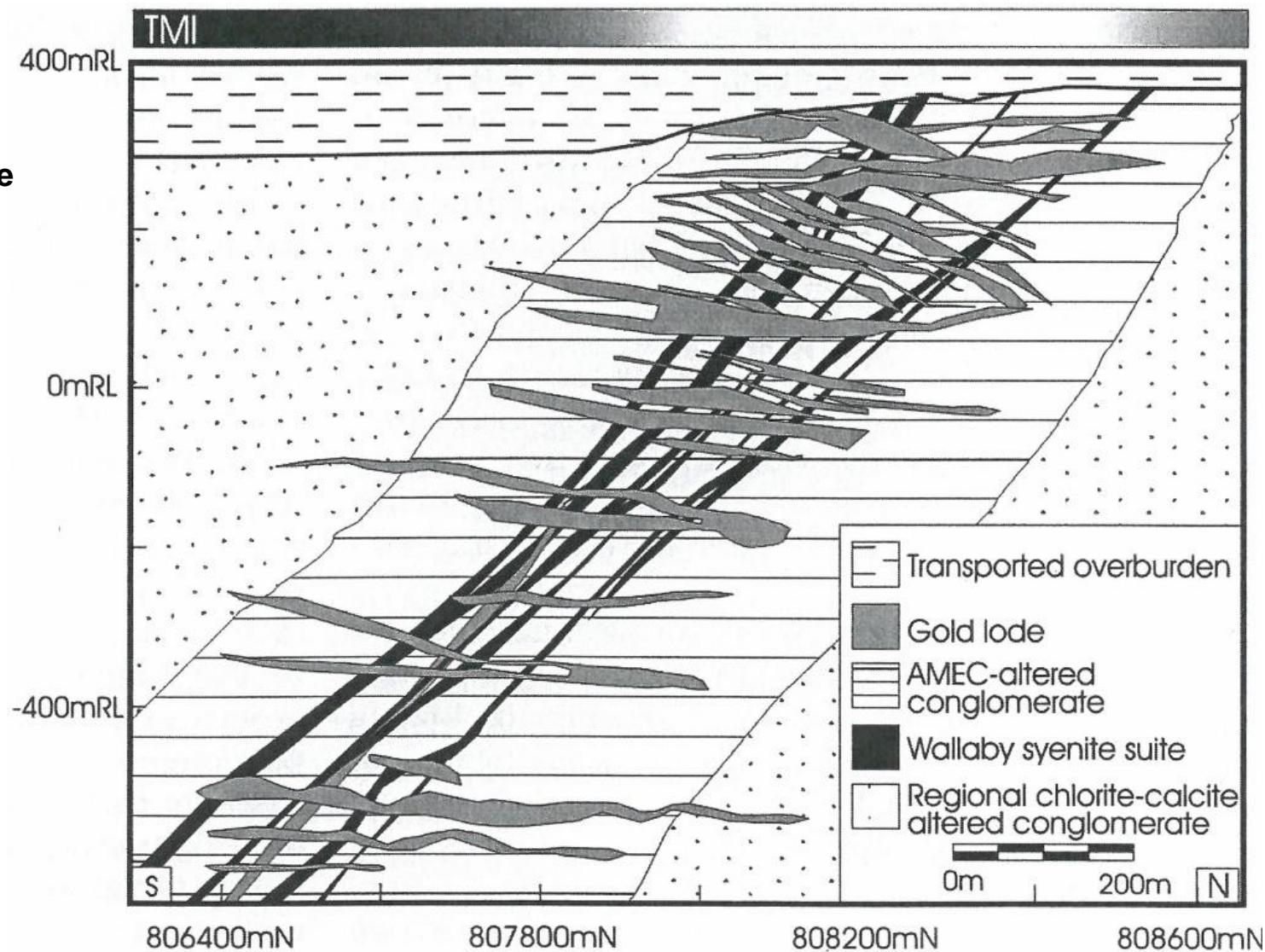
Similar characteristics to the Wallaby deposit:

Magnetite rich pipe

Syenite intrusions

Multiple Horizontal Lodes

Major Faults in vicinity



Leonora-Laverton Gold Project – Mt Jumbo

Gold Intersections greater than 2g/t

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

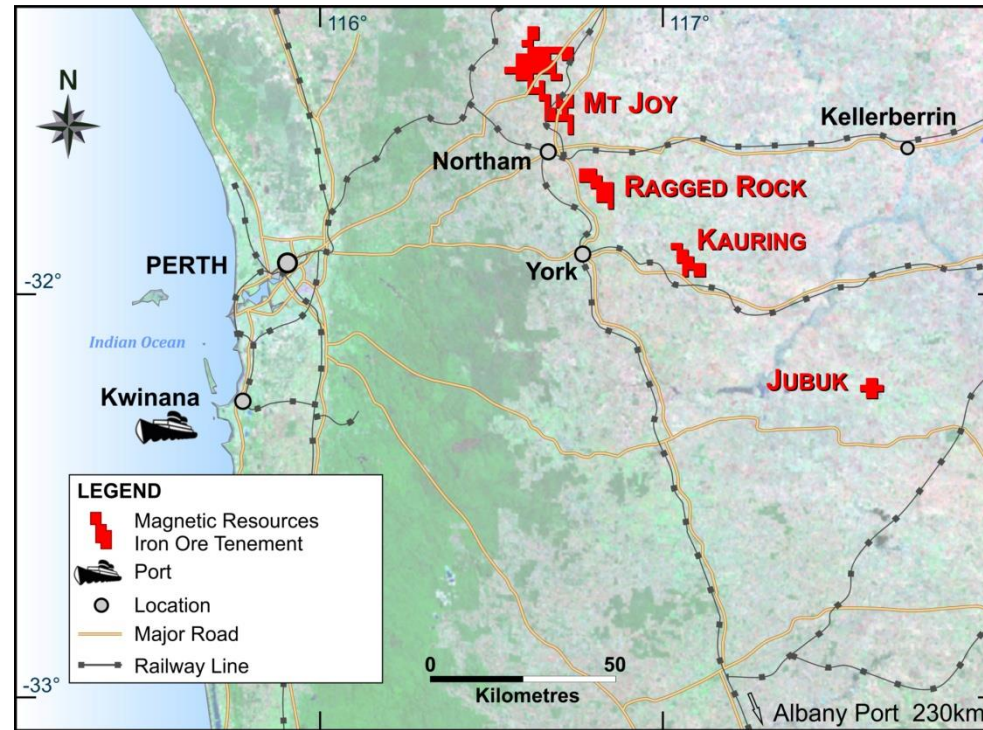
Magnetic Resources still maintains an interest in potentially economic iron ore deposits

Deposits are being held awaiting an upturn in commodity prices

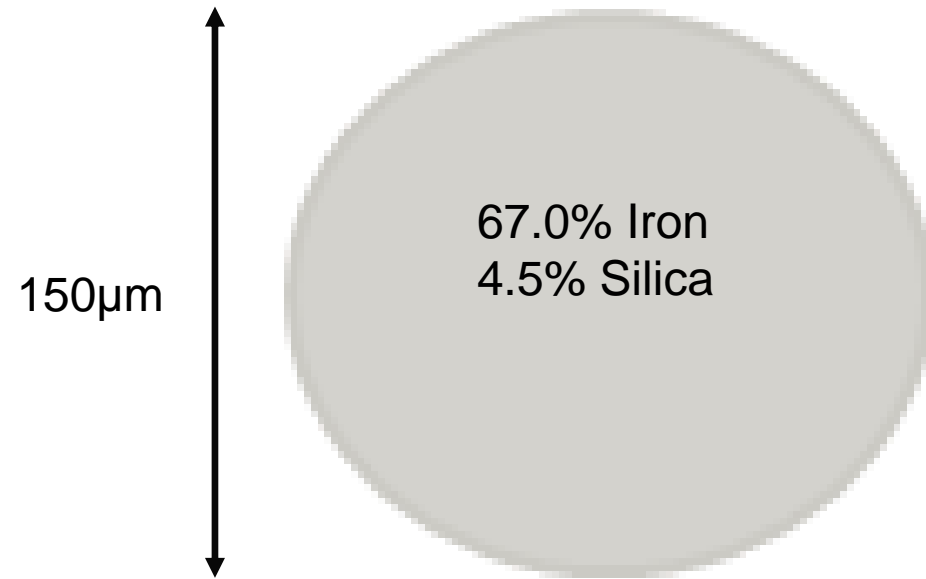


- ❑ High quality, coarse grained nature
- ❑ DR quality produced at 75 micron (70% Fe). World class pellet feed at substantially coarser grind than competitors.
- ❑ High quality Sinter Feed at 150 micron (66% Fe). Competes with much lower quality DSO products (~58%Fe)
- ❑ Very low impurities (Silica, Alumina, Phosphorous, Titanium)
- ❑ Very high mass yielding (up to 46.6%). Reduces mining and processing costs considerably

LOCATION - Close to Infrastructure

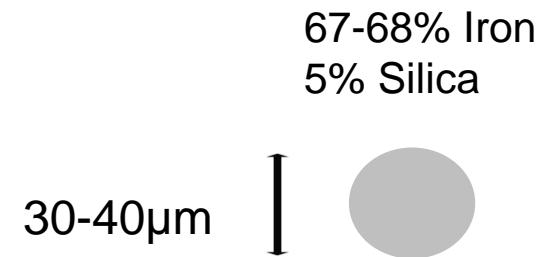


- ❑ Magnetic Resources had “first mover” advantage in the area
- ❑ Several key projects representing >50km of coarse grained premium quality magnetite targets.
- ❑ Current focus are Kauring and Ragged Rock
- ❑ All within 10km of Government owned, open access railways.



Magnetic Resources

- Easy to grind = less power
- Easy to separate = better quality
- Easy to filter = no penalties for water
- Easy to transport = no shipping problems
- Simplicity = low cost = low risk
- Readily marketable as sinter feed
- Premium product = premium pricing

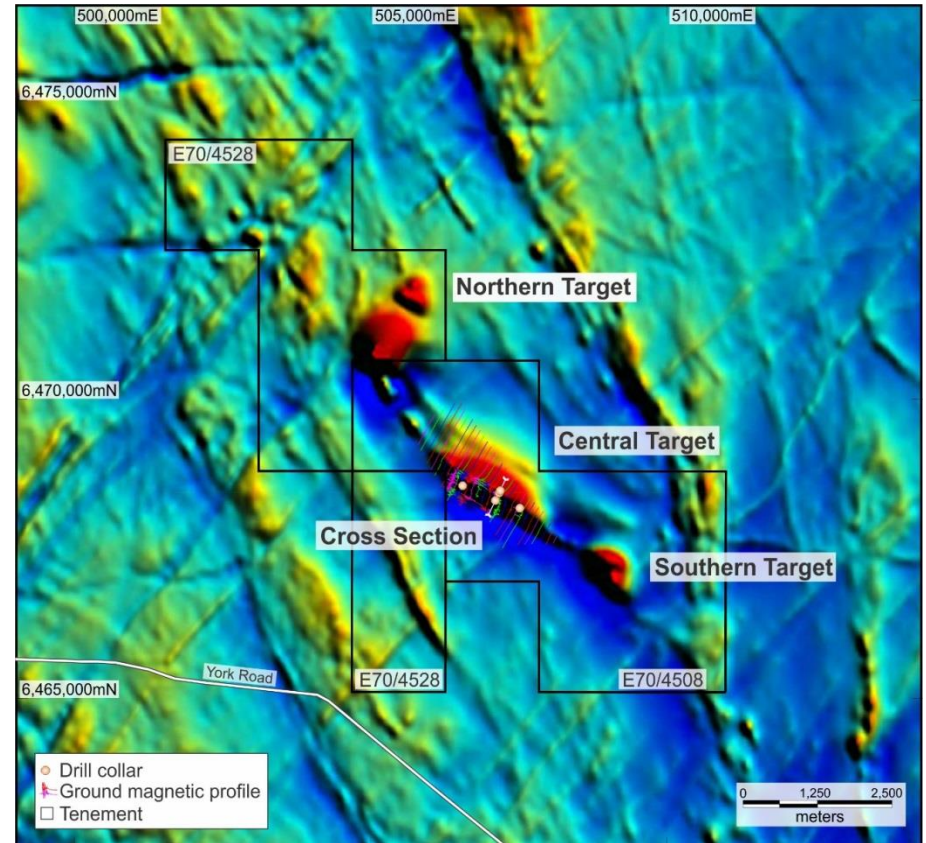


Other Magnetite Projects

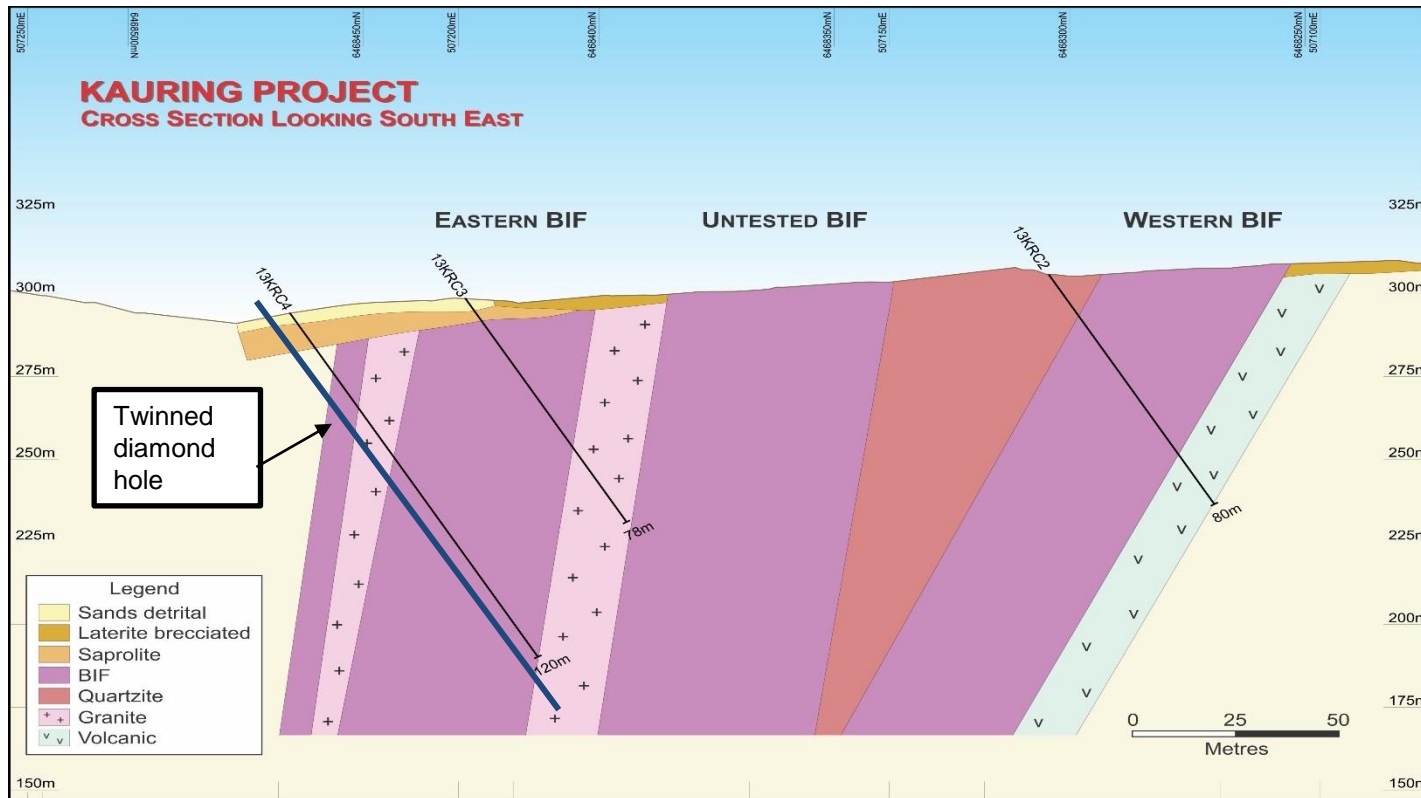
- At least 3 stages of grinding
- Very challenging processing (magnetic separation, flotation)
- Very challenging to filter = penalties and difficulties to meet TML
- Difficult to transport – liquification (TML)
- High complexity = high cost = higher risk

PROJECTS - Kauring

- ❑ Second project with significant BIF potential
- ❑ Located 20-30km south east of Ragged Rock
- ❑ Exploration Target of **128-137Mt at 32-34%Fe for 150m of fresh BIF to 200m depth.** * (see ASX announcement dated 4th March 2014 for full exploration target details)
- ❑ Excellent initial Metallurgical results including high mass yield of 45% over 50m intersection.



LOCATION - Kauring



- ❑ Wide zones of coarse grained magnetite
- ❑ encountered on both the eastern BIF(50m) and the Western BIF (40m)
- ❑ Excellent Davis Tube Recovery (45% mass recovery) and high Fe contents averaging 32% Fe head assay over 55m of magnetite BIF

Magnetic Resources provides a unique opportunity to invest in an emerging gold market within the world class Leonora-Laverton regions. Active programmes are currently being planned to determine optimum sites for follow up drilling within the Mt Jumbo followed by the Hawks Nest and Kowtah projects

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