



magnetic resources^{NL}

QUARTERLY REPORT for the Quarter Ended 30 June 2016

HIGHLIGHTS

Magnetic Resources NL

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Issued Capital:**Shares - Quoted:**

115,336,812 ordinary shares.

20,418,862 partly paid shares (\$0.20
unpaid).

Options – Unquoted

-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: \$ 0.48m

Directors:**George Sakalidis**

Executive Director

Eric Lim

Non-Executive Chairman

Julien Sanderson

Non-Executive Director

Company Secretary

Ben Donovan

- The Leonora-Laverton district is well endowed with large world class gold deposits with over 34Moz (mined plus resources).
- After a regional study by the company it has applied for a total of 5 projects totaling 272 sq. km which includes a new large tenement E38/3127 that have the potential to host large scale deposits.
- As a result of this new application 1.3km of the Mt Jumbo gold fertile shear is now covered and has 78 RC and DH drill holes defining it. A number of gold intersections are open at depth and along strike to the north.
- Detailed ground magnetic programmes (472km) have been recently carried out over 10 separate areas to help define drill targets along the Mt Jumbo and Marabou gold enriched shear zones and also to define large scale intrusive targets similar to Dacian's Jupiter (1.4Moz) and Barrick's Wallaby deposit (7Moz).
- 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.

Gold Projects Summaries

The Mt Jumbo gold rich shear extends onto the new application E38/3127 and totals 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 fault intersection off a NS fault that passes just west of the Wallaby 7Moz deposit. The 1.3km 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 porphyry intrusives and gossanous mineralisation which in some cases appear open at depth (Fig 4 and 6). A large scale adjacent magnetic intrusive is interpreted just west of the shear zone and has some similarity to the Wallaby mineralised intrusive. 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.

Seven other prospective intrusives are interpreted some of which have not been drilled at depth. Ground magnetic surveys (472km) have been carried out to help define the intrusives and site drill holes. The most north eastern Intrusive target occurs at a dilation position where a NS structure bends into a NNE direction. An arcuate shaped intrusive (Fig.9) has anomalous drilling of 2m @ 2g/t from 12m and 4m @ 4.8g/t from 16m only 200m to the NE.

In a commentary by George Sakalidis, "the company has moved swiftly over the last 5 months under my technical direction to develop a significant gold tenement position within one of the premier gold districts in Australia. Notwithstanding a gold pegging rush in the Goldfields Magnetic has been able to pick up 272 sq. km of tenements some of which have significant gold mineralisation within gold enriched shear zones and twelve large intrusive style targets similar to the Wallaby pipe style deposit.

The mineralisation at Mt Jumbo is significant both in grade and length as it is at least 1.3km in length and has 78 RC and diamond holes already drilled here. Also a number of the drill sections are open at depth and along strike increasing the potential for significant gold mineralisation only 10km north of the Wallaby Mine.

The average vertical depth drilled is only 90m which is very shallow and work by Dacian Gold Ltd adjacent to our tenements has already shown a large resource at the Jupiter deposit below the historical Doublejay open pit (approximately 140m depth). The current gold price around \$US1325/ounce tonne is significant as compared to the 1996 pricing around \$US385/ounce when Normandy drilled and augers well for the economic potential of the Mt Jumbo shear zone.

The recently completed ground magnetic surveys (Figs 7 & 8) have been carried out over ten separate areas that contain shear zones and multiple interpreted intrusives. These areas will be assessed shortly and follow up geophysical, geological, geochemical and drilling programmes will be carried out where appropriate."

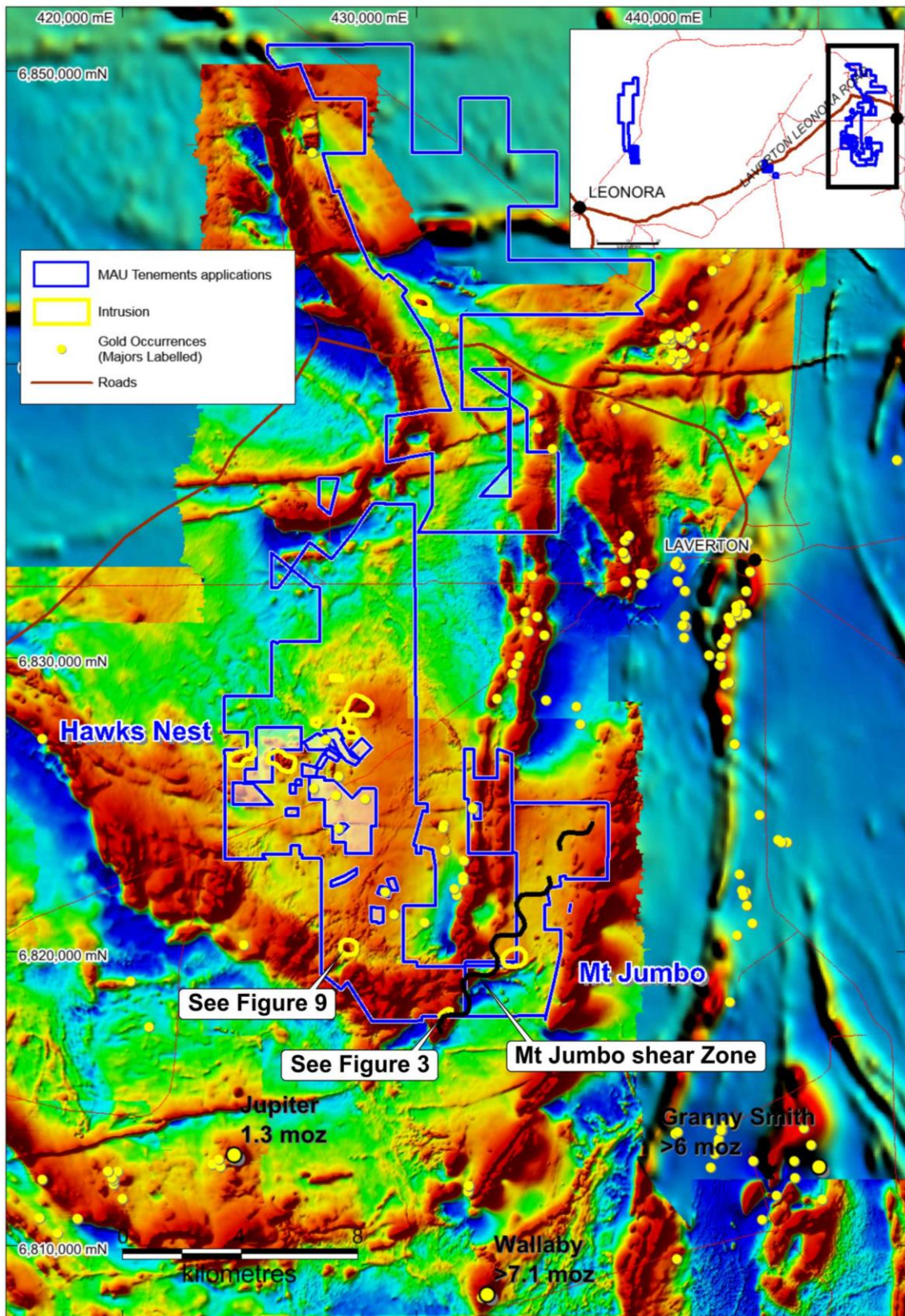


Figure 1. Magnetic Resources Eastern Leonora-Laverton tenements, gold deposits and detailed aeromagnetics

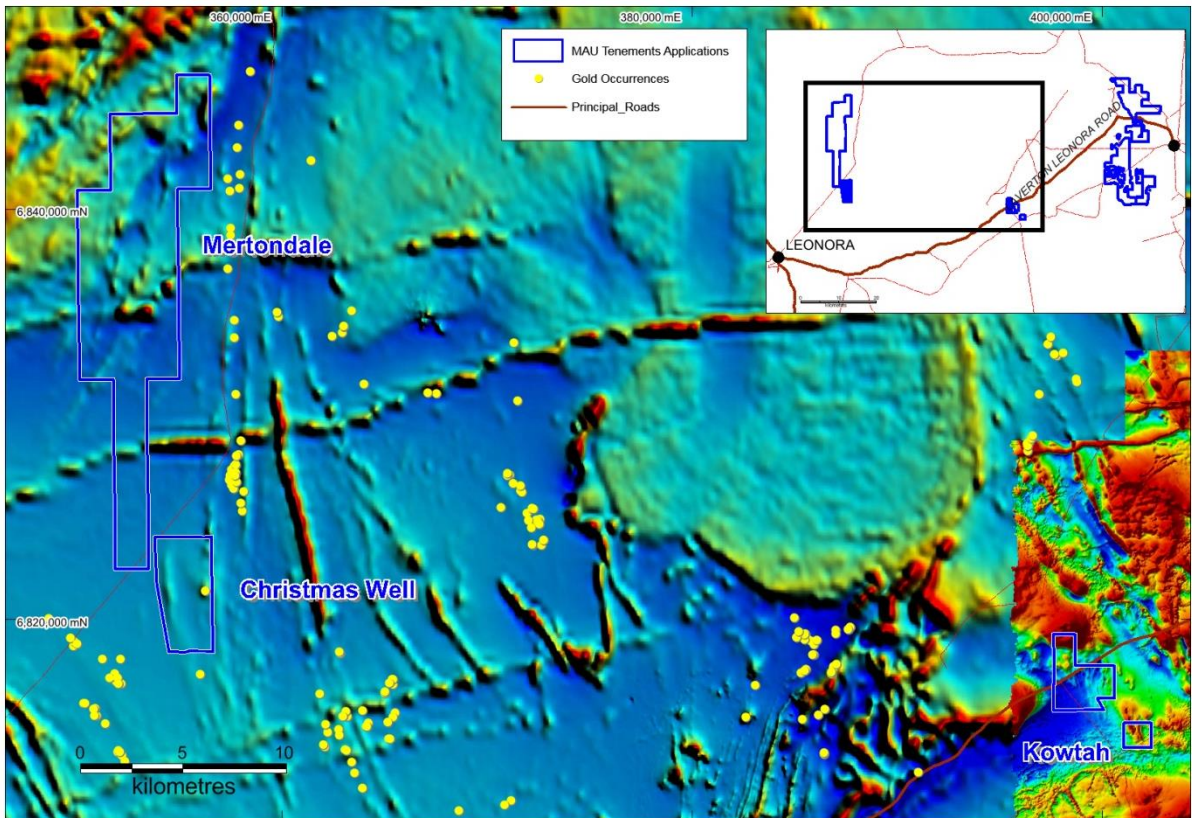


Figure 2. Magnetic Resources Western Leonora-Laverton tenements, gold deposits and detailed aeromagnetics

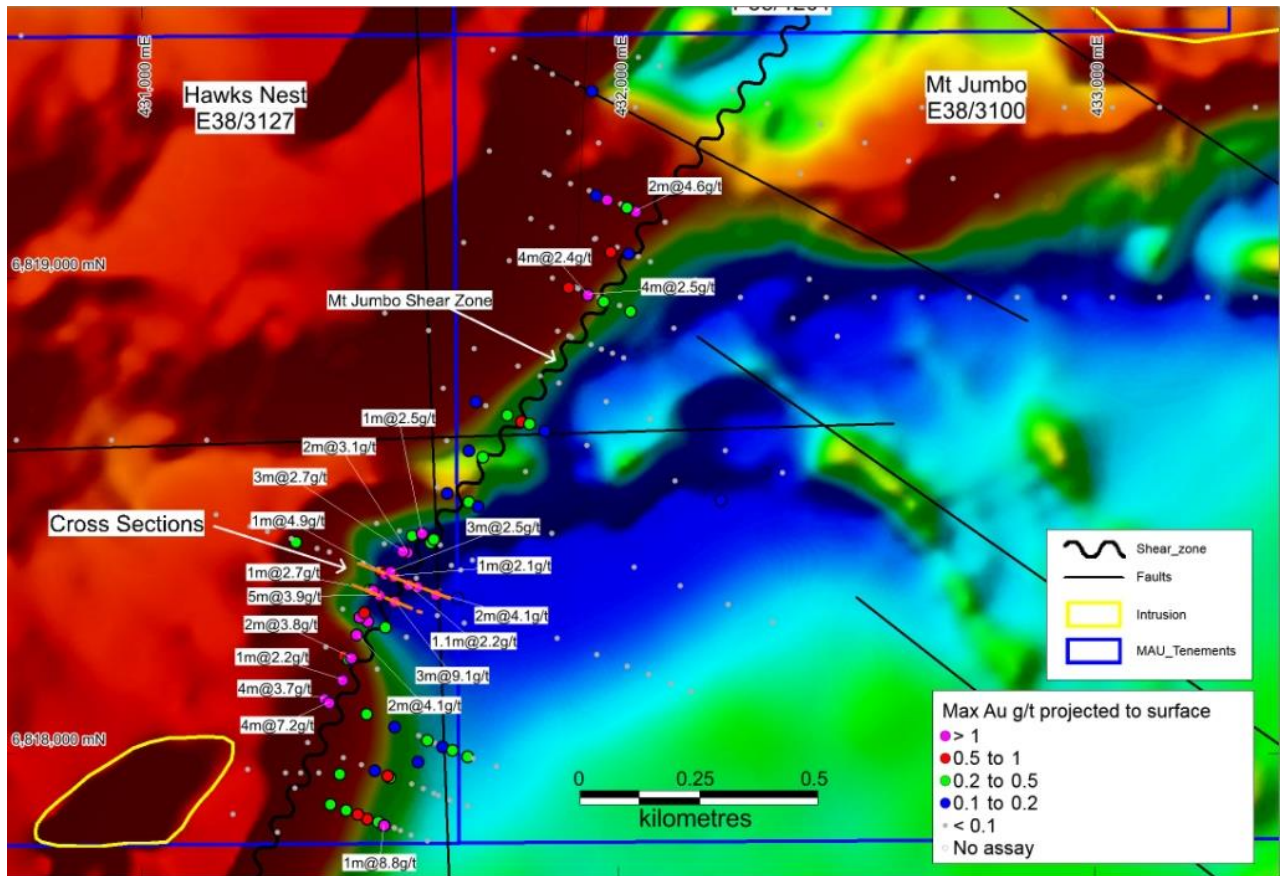


Figure 3. Mt Jumbo Maximum Gold Intercepts (>2g/t) Projected to Surface

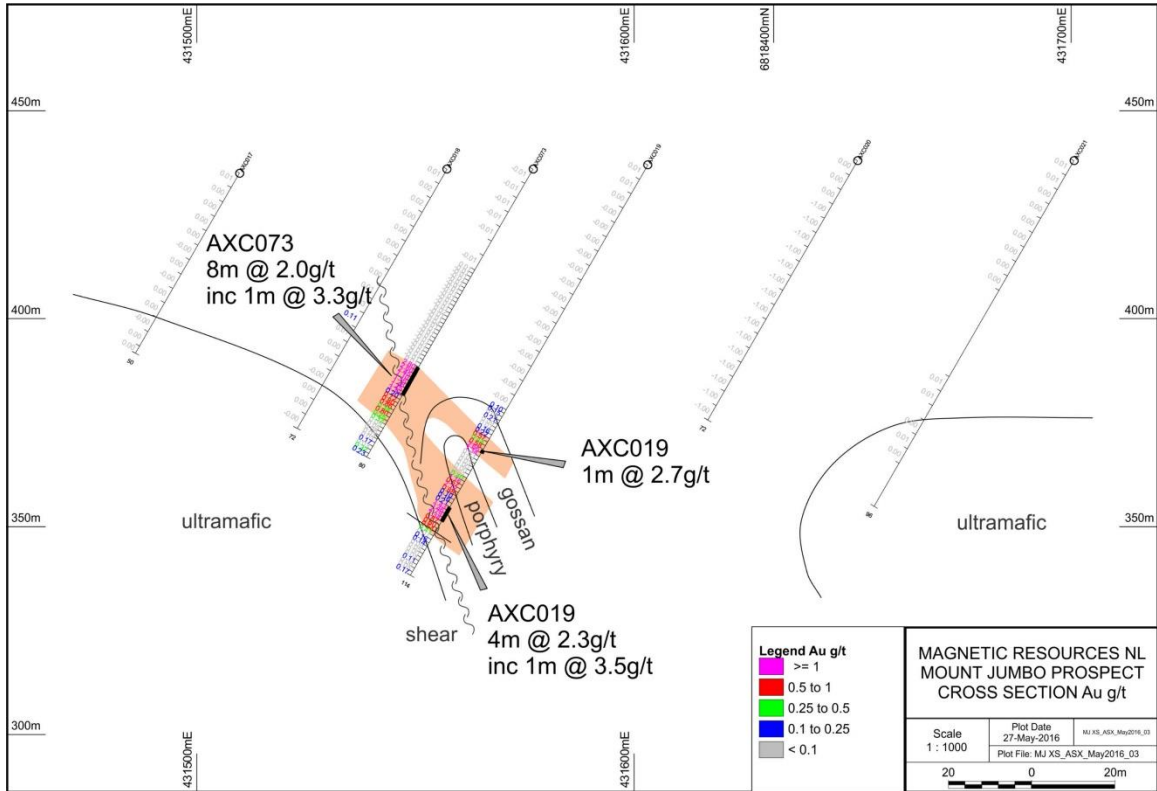


Figure 4. Mt Jumbo Cross Section

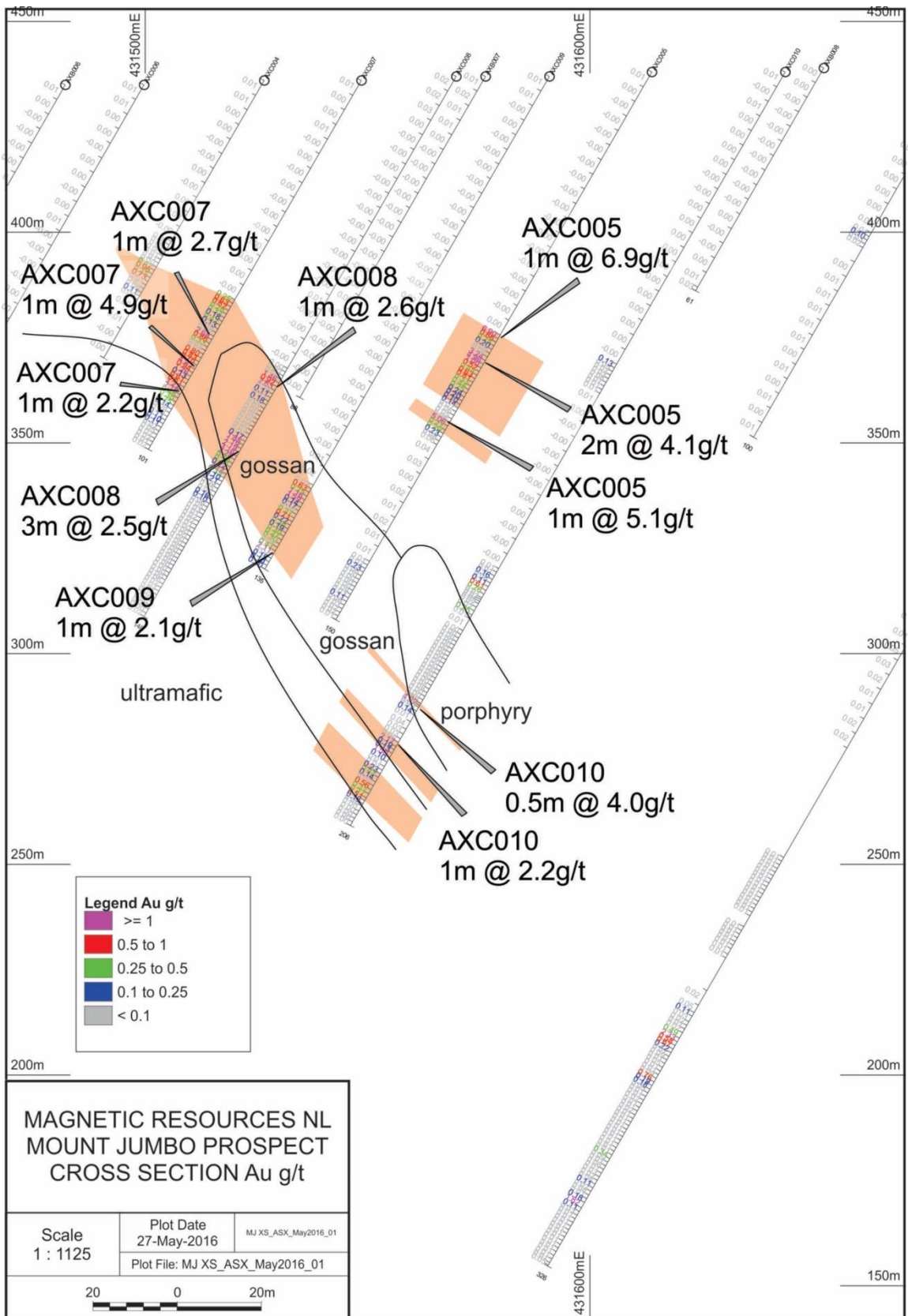


Figure 5. Mt Jumbo Cross Section

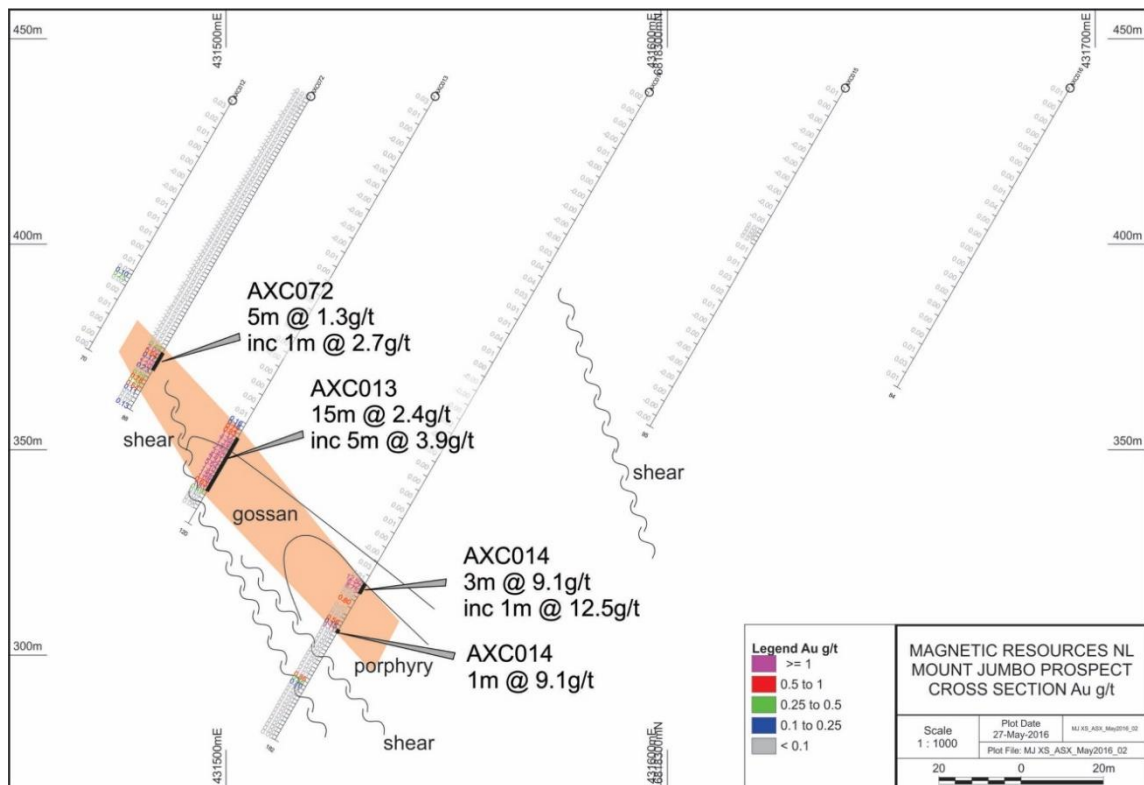


Figure 6. Mt Jumbo Cross Section

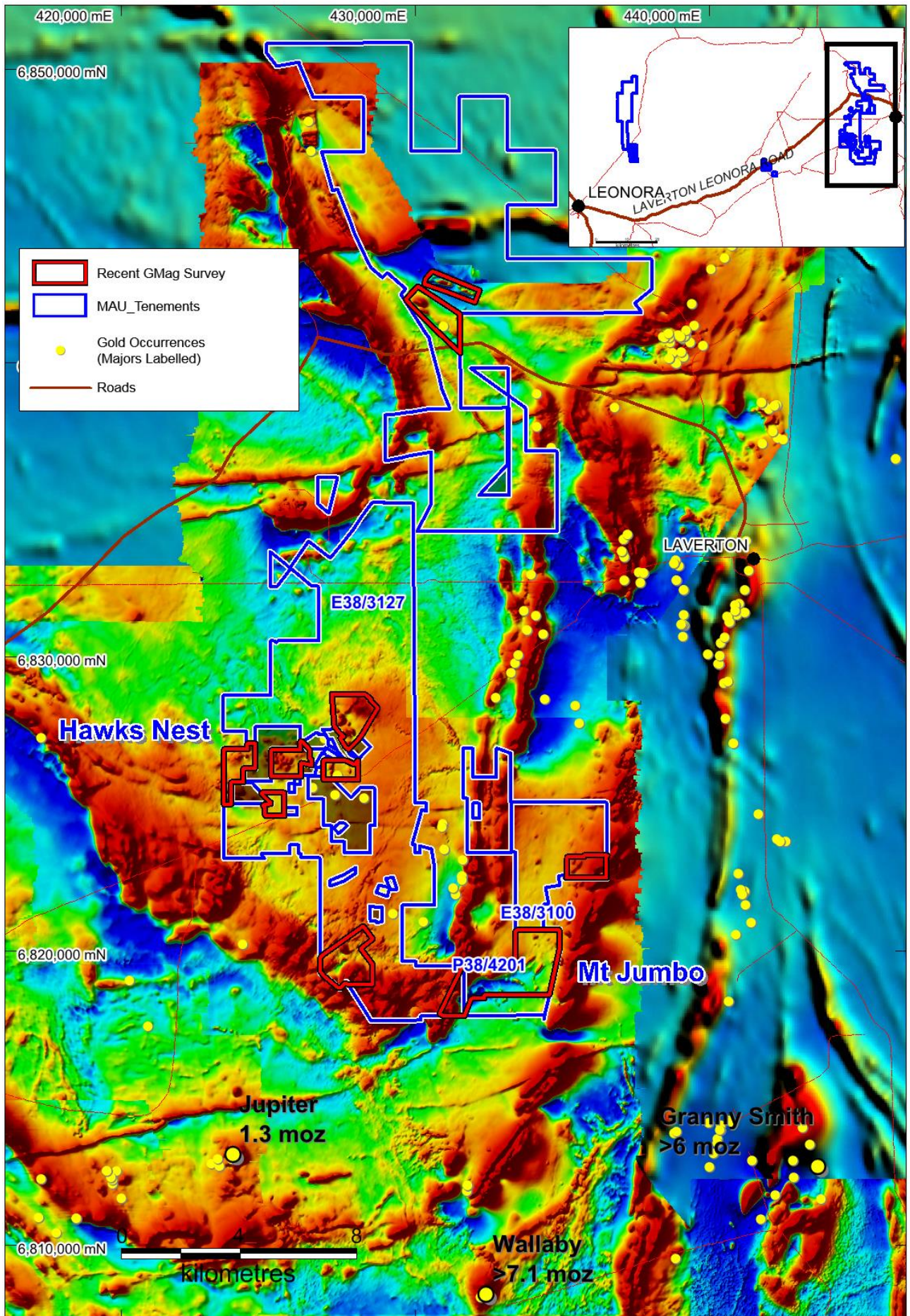


Figure 7. Ground Magnetic Surveys completed over Hawks Nest and Mt Jumbo

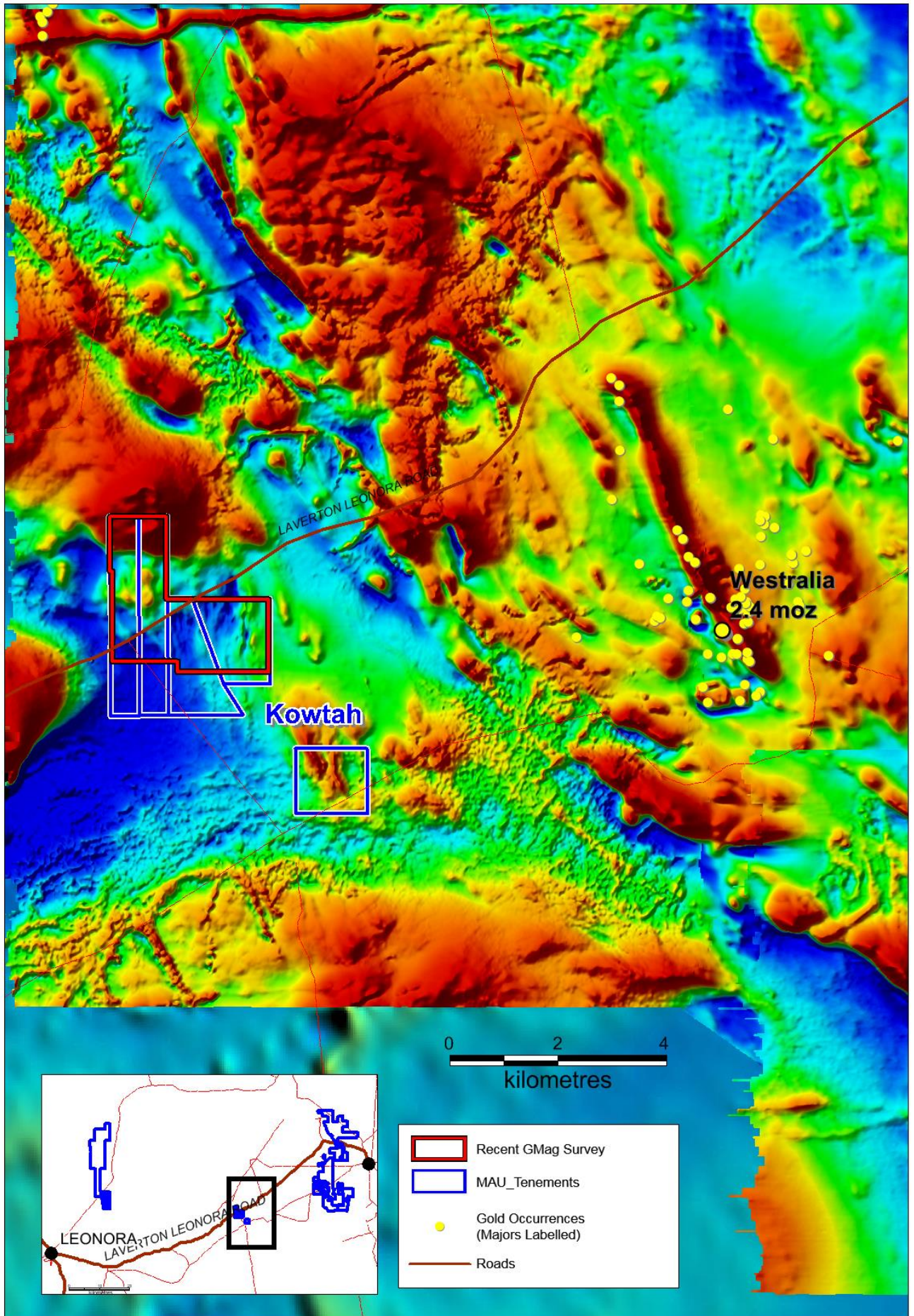


Figure 8. Ground Magnetic Survey completed over Kowtah

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

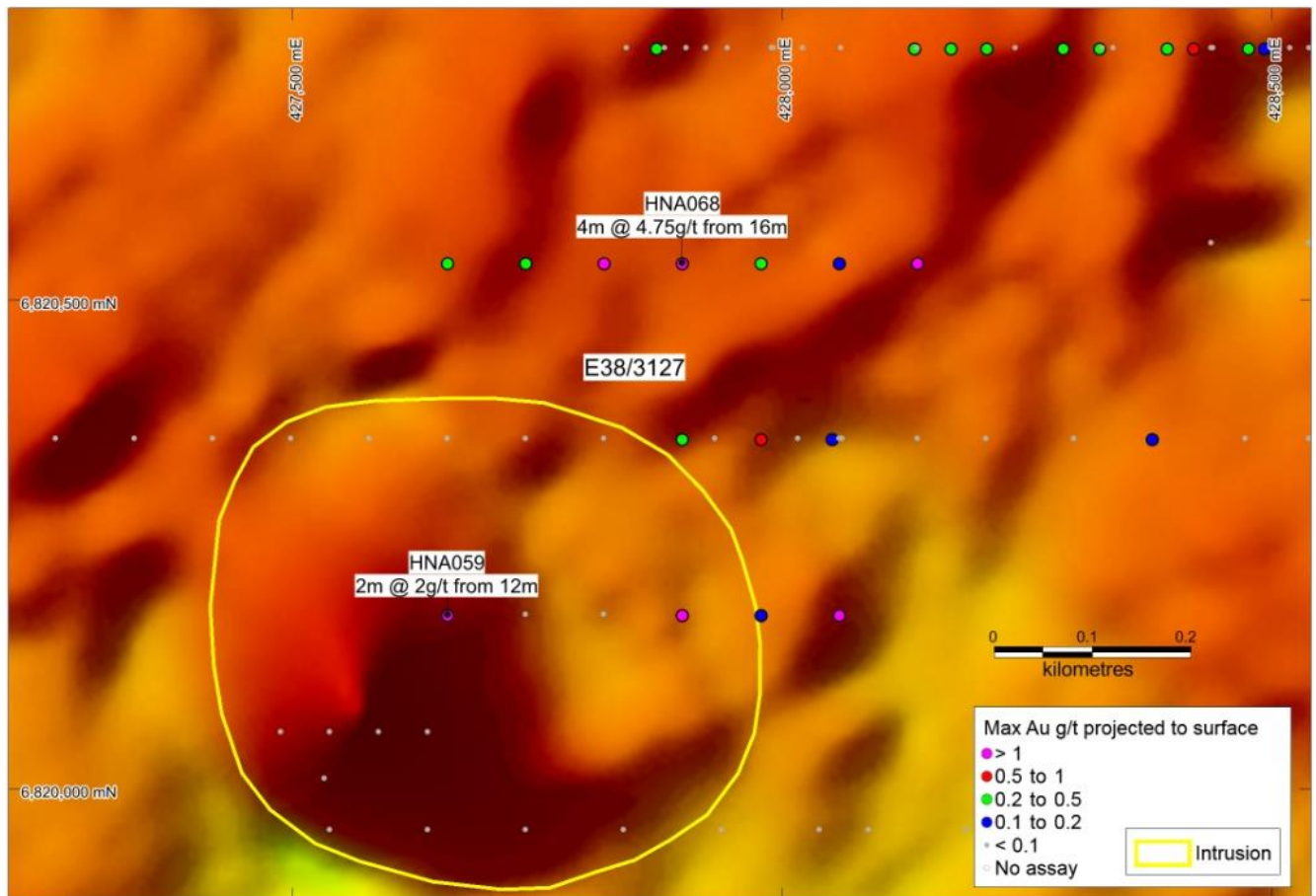


Figure 9. Hawks Nest Gold Intercepts (>2g/t) Projected to Surface

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.

Share issue

On 28 April 2016, the Company announced it had received commitments for a capital raising of \$600,000 at 5 cents, which included \$110,000 from two directors.

On 16 May 2016, the Company announced that the amount had increased to \$620,000 and had placed 8,200,000 shares to unrelated parties, with the balance to be placed to related parties and an unrelated party after the upcoming shareholder meeting.

On 31 May 2016, the Company held its general meeting where shareholders approved the issue of shares to related parties under the converting notes announced in January 2016, and a further issue of shares under the above placement announced on 28 April 2016. The placement shares to related parties were issued on 17 June 2016.

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	Application	MT JUMBO	100% pending grant	100% pending grant
WA	P39/5594	Application	KOWTAH	100% pending grant	100% pending grant
WA	P39/5595	Application	KOWTAH	100% pending grant	100% pending grant
WA	P39/5596	Application	KOWTAH	100% pending grant	100% pending grant
WA	P39/5597	Application	KOWTAH	100% pending grant	100% pending grant
WA	P38/4201	Application	MT JUMBO	100% pending grant	100% pending grant
WA	E37/1258	Application	MERTONDALE	100% pending grant	100% pending grant
WA	P37/8687	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8688	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8689	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8690	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8691	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8692	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8693	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8694	Application	CHRISTMAS WELL	-	100% pending grant
WA	P39/5617	Application	KOWTAH EAST	-	100% pending grant
WA	E38/3127	Application	HAWKS NEST	-	100% pending grant

Mining Tenements acquired during the Quarter

WA	P37/8687	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8688	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8689	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8690	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8691	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8692	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8693	Application	CHRISTMAS WELL	-	100% pending grant
WA	P37/8694	Application	CHRISTMAS WELL	-	100% pending grant
WA	P39/5617	Application	KOWTAH EAST	-	100% pending grant
WA	E38/3127	Application	HAWKS NEST	-	100% pending grant

Mining Tenements disposed during the Quarter

WA	E38/3101	Application	HAWKS NEST	100% pending grant	Application Withdrawn
WA	E38/3114	Application	MARABOU	100% pending grant	Application Withdrawn
WA	P38/4202	Application	MARABOU	100% pending grant	Application Withdrawn

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.