



magnetic resources^{NL}

October 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	178,864,664
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

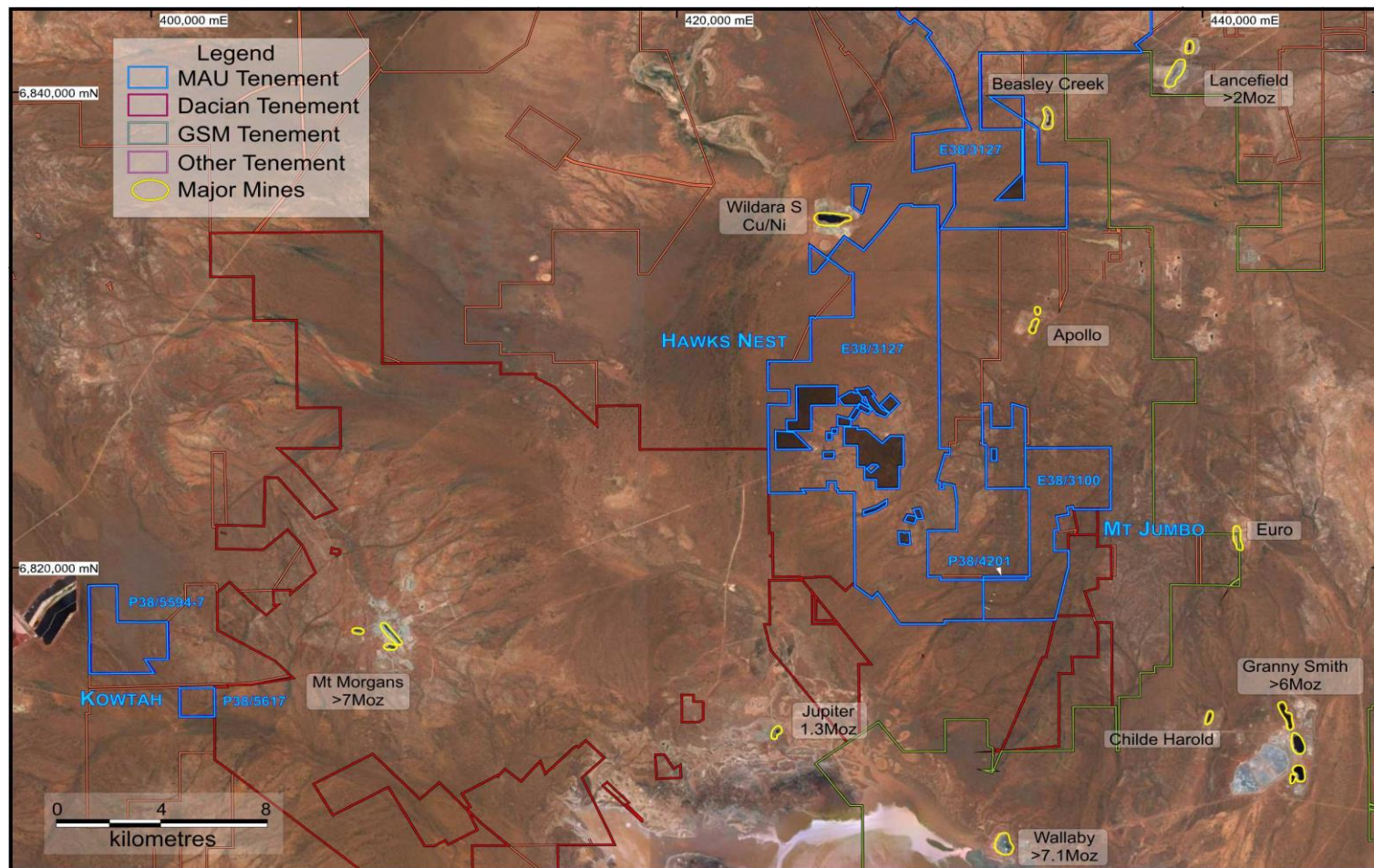
- ❑ 5 new gold projects within 20km of the 7moz Wallaby deposit within the Laverton field WA.
- ❑ Two well defined gold rich shear zones Mt Jumbo (>1.3km) and Marabou (2.3km) and at least 12 intrusive Jupiter style Targets. At least 4 RC holes planned for Mt Jumbo in September.
- ❑ At least 4 other projects 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

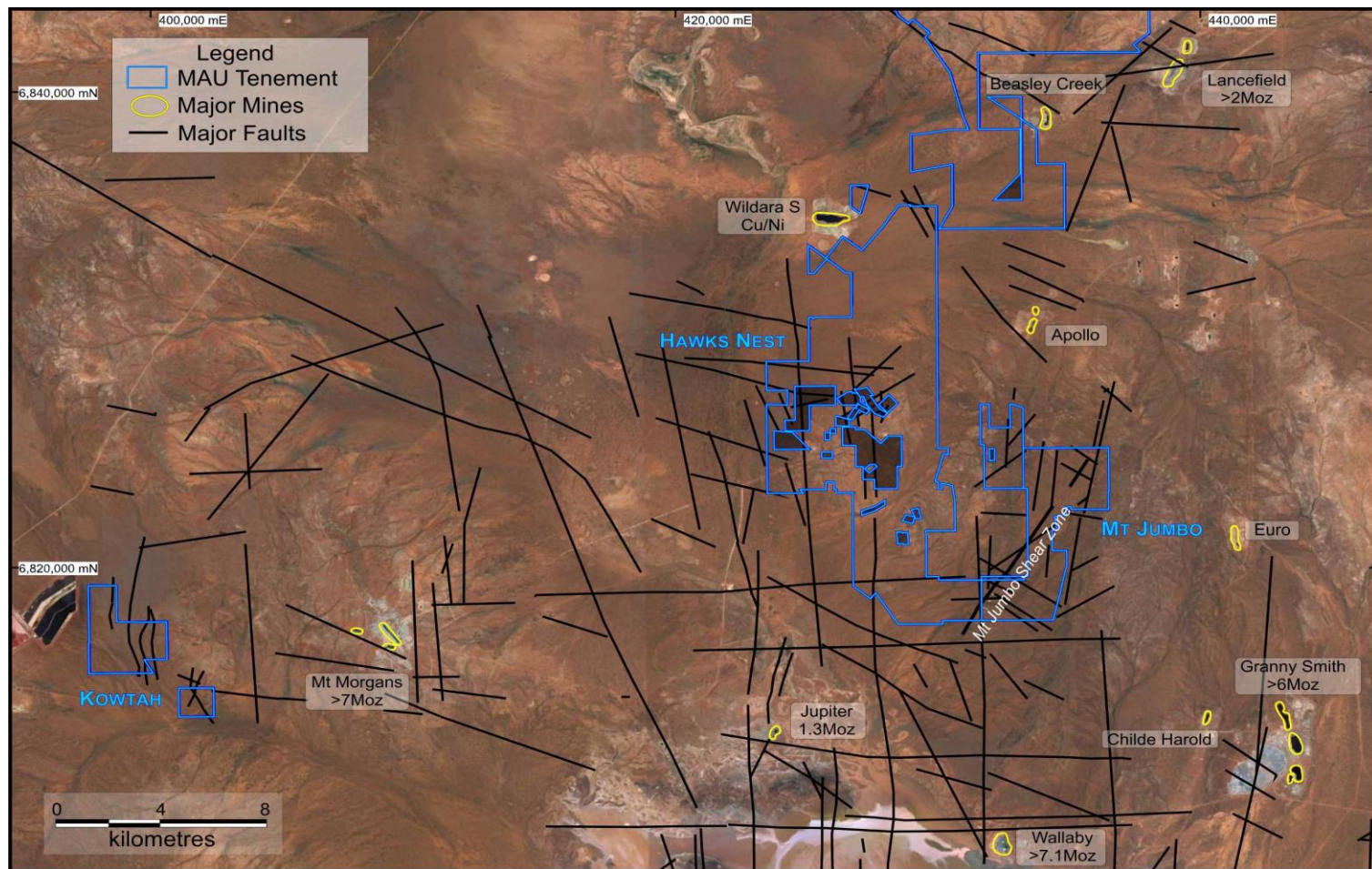
Background

- ❑ 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.

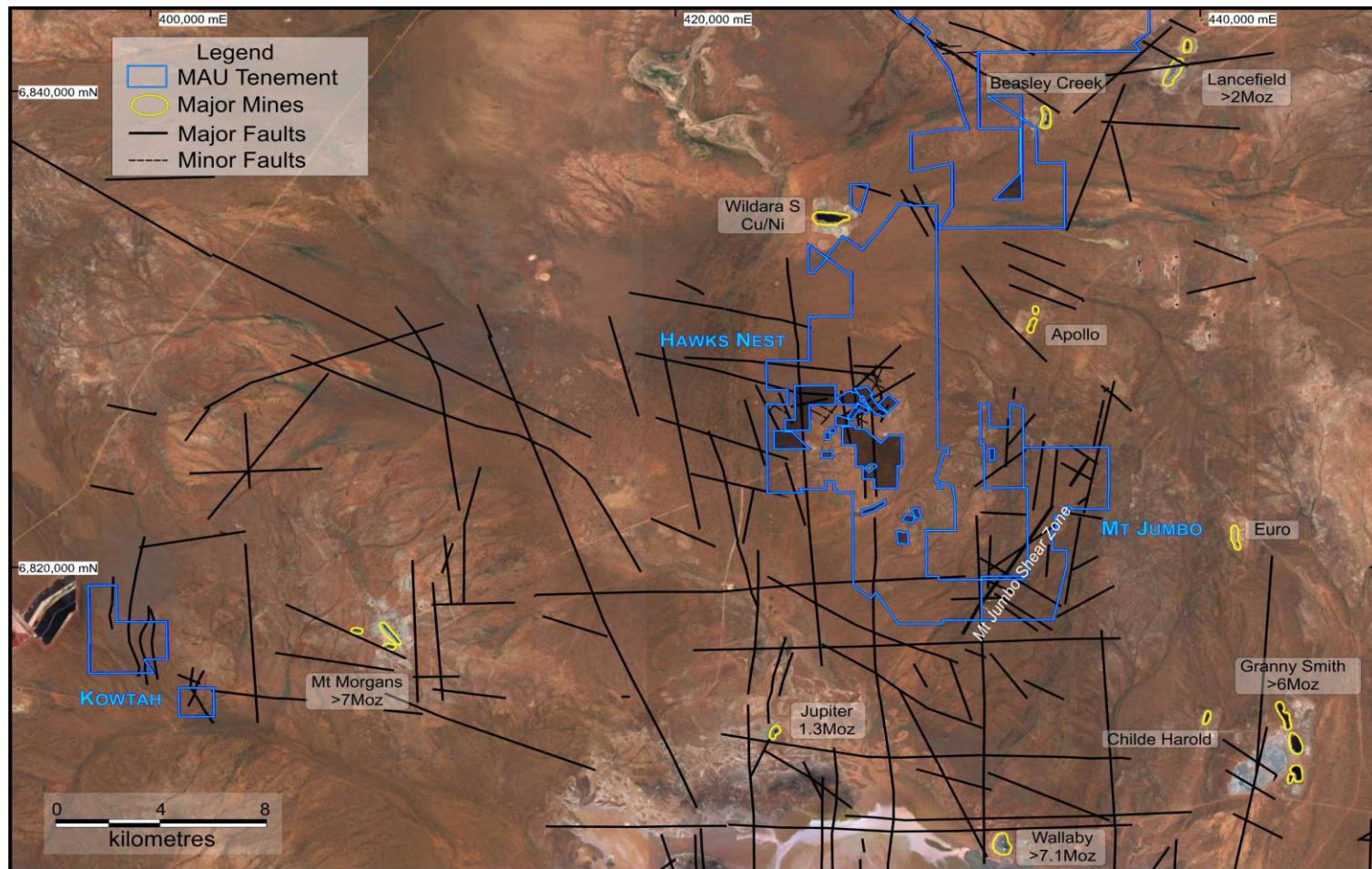
Laverton Gold Mines



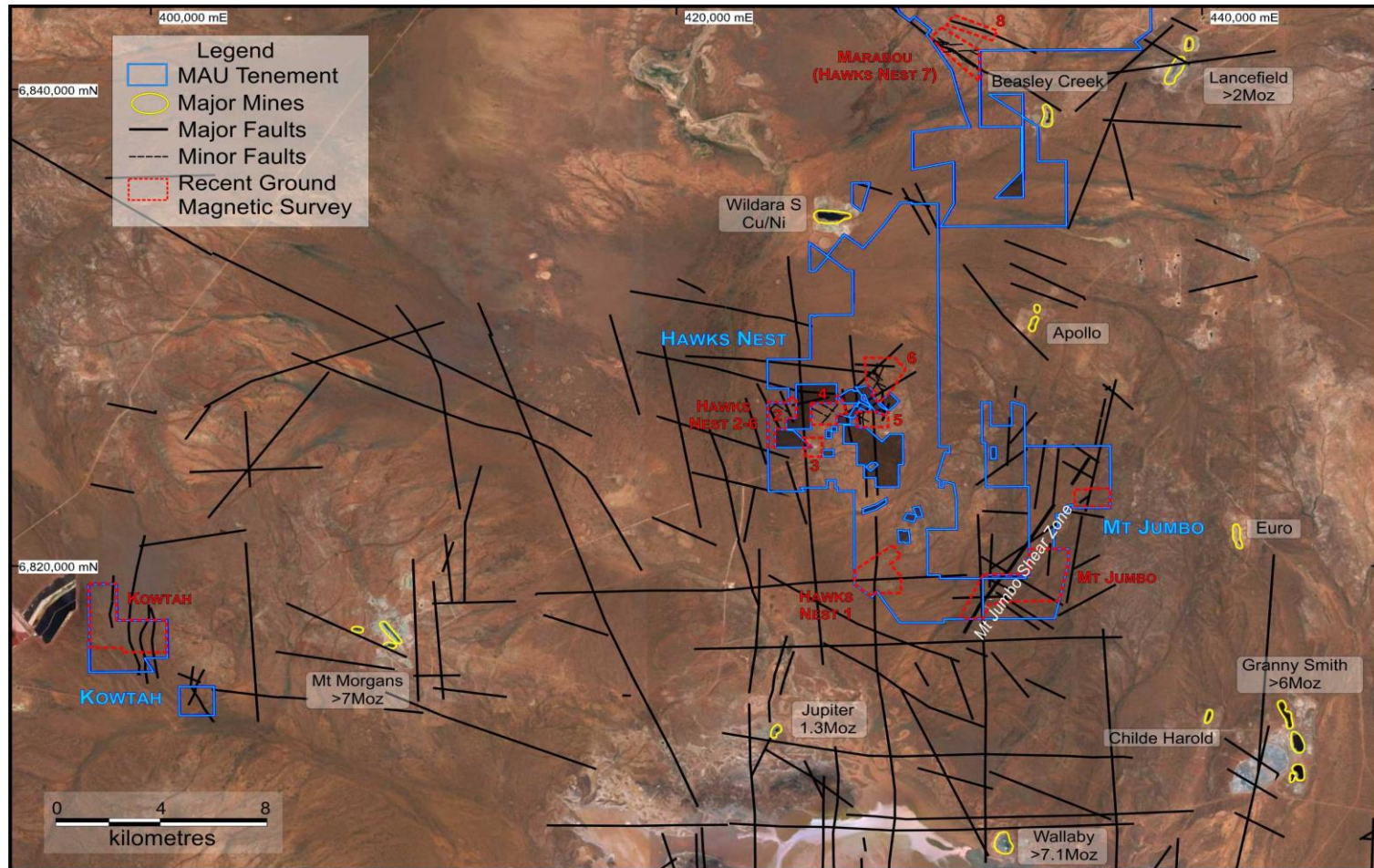
Laverton Gold Mines and Major Faults



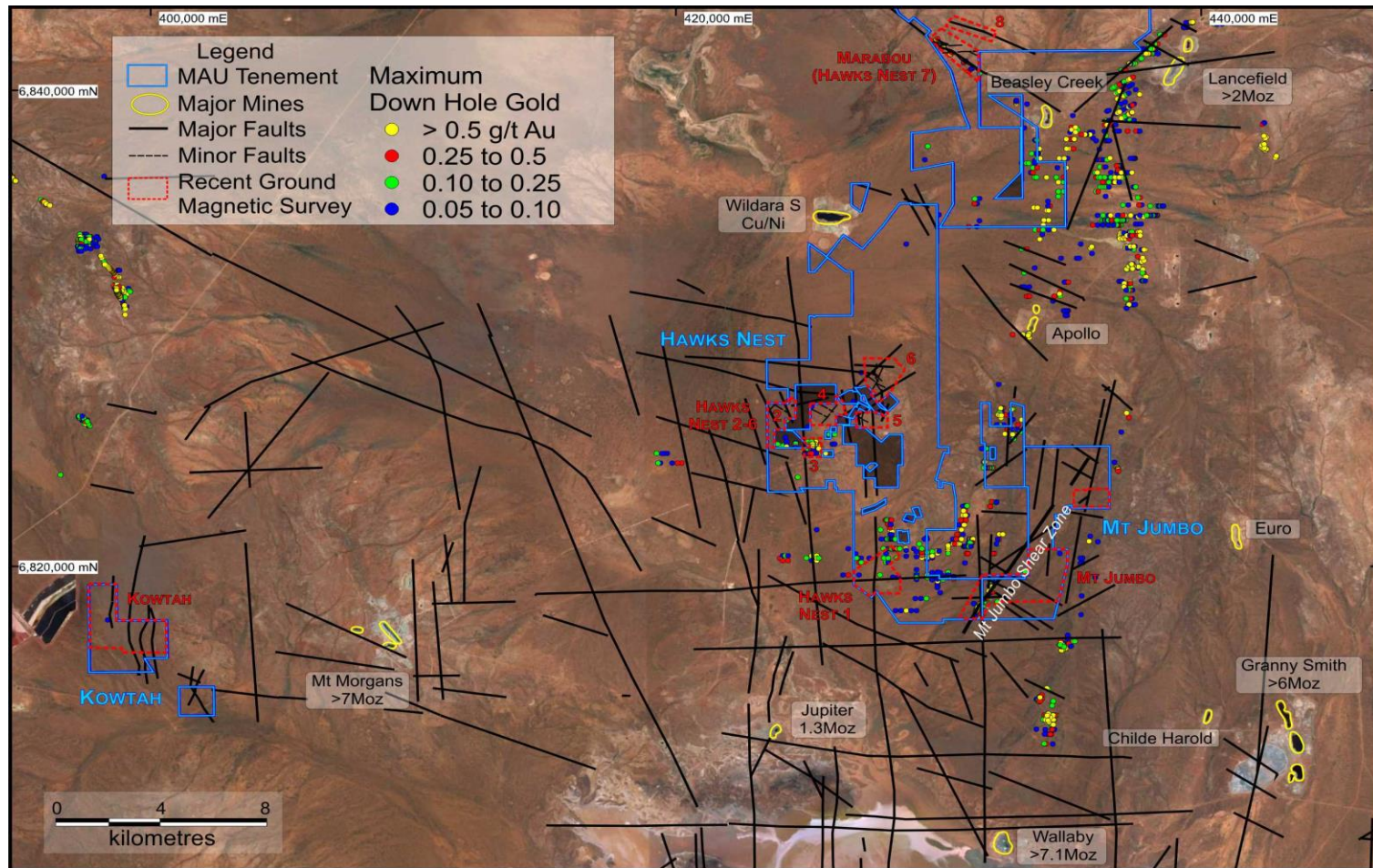
Laverton Gold Mines and all Faults



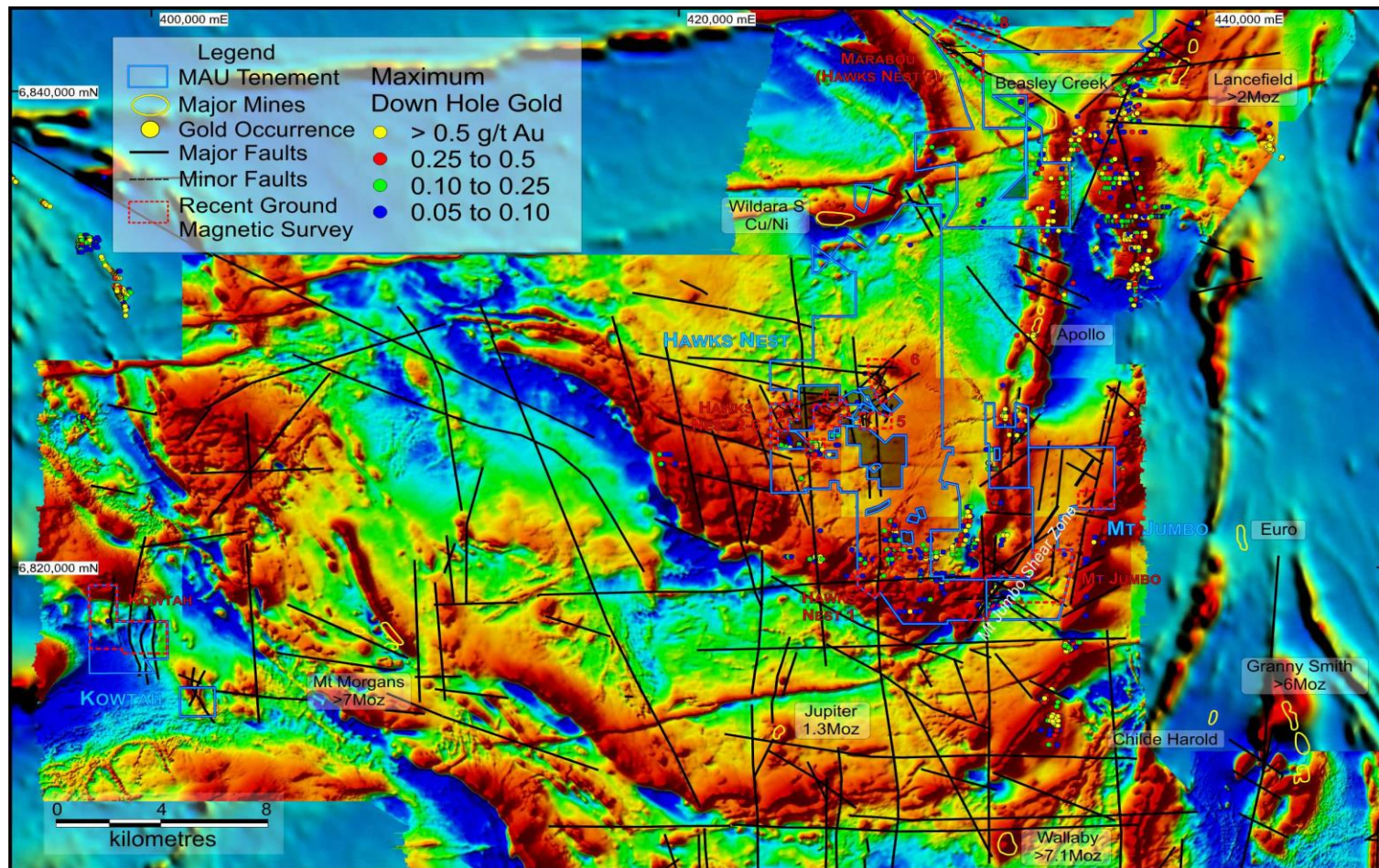
Laverton Gold Mines, Faults and Ground Magnetic Surveys



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

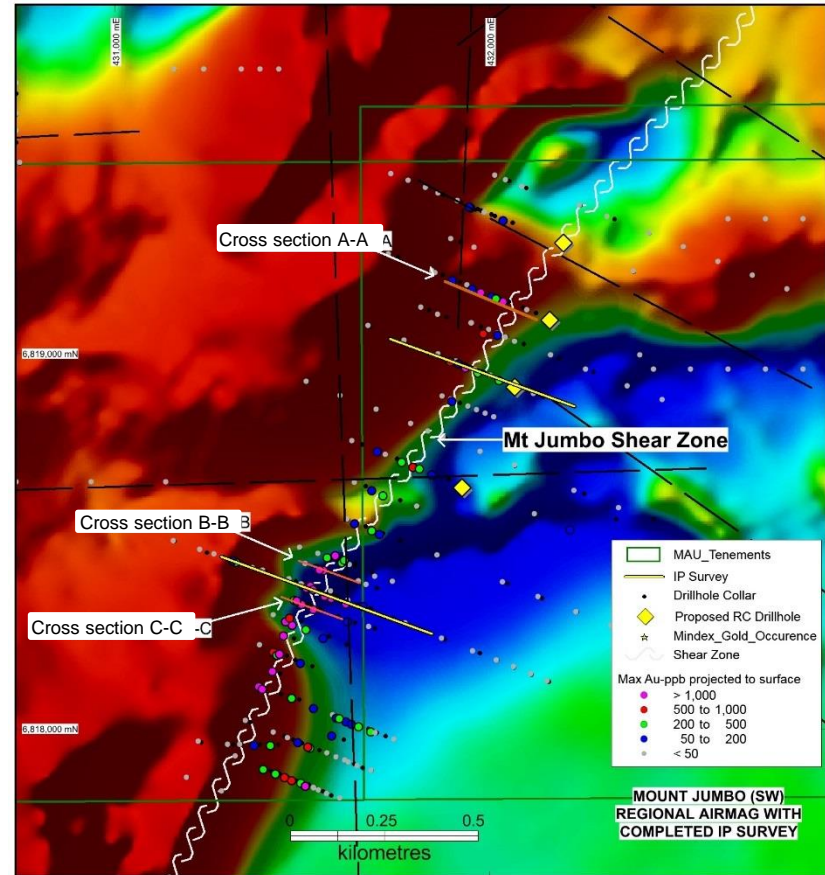


Laverton Gold Mines, Faults, Ground Magnetics, Drill Hole Max Gold, Aeromagnetics



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, completed I.P. and Planned RC holes.

Laverton Gold Project – Mt Jumbo Drill Section

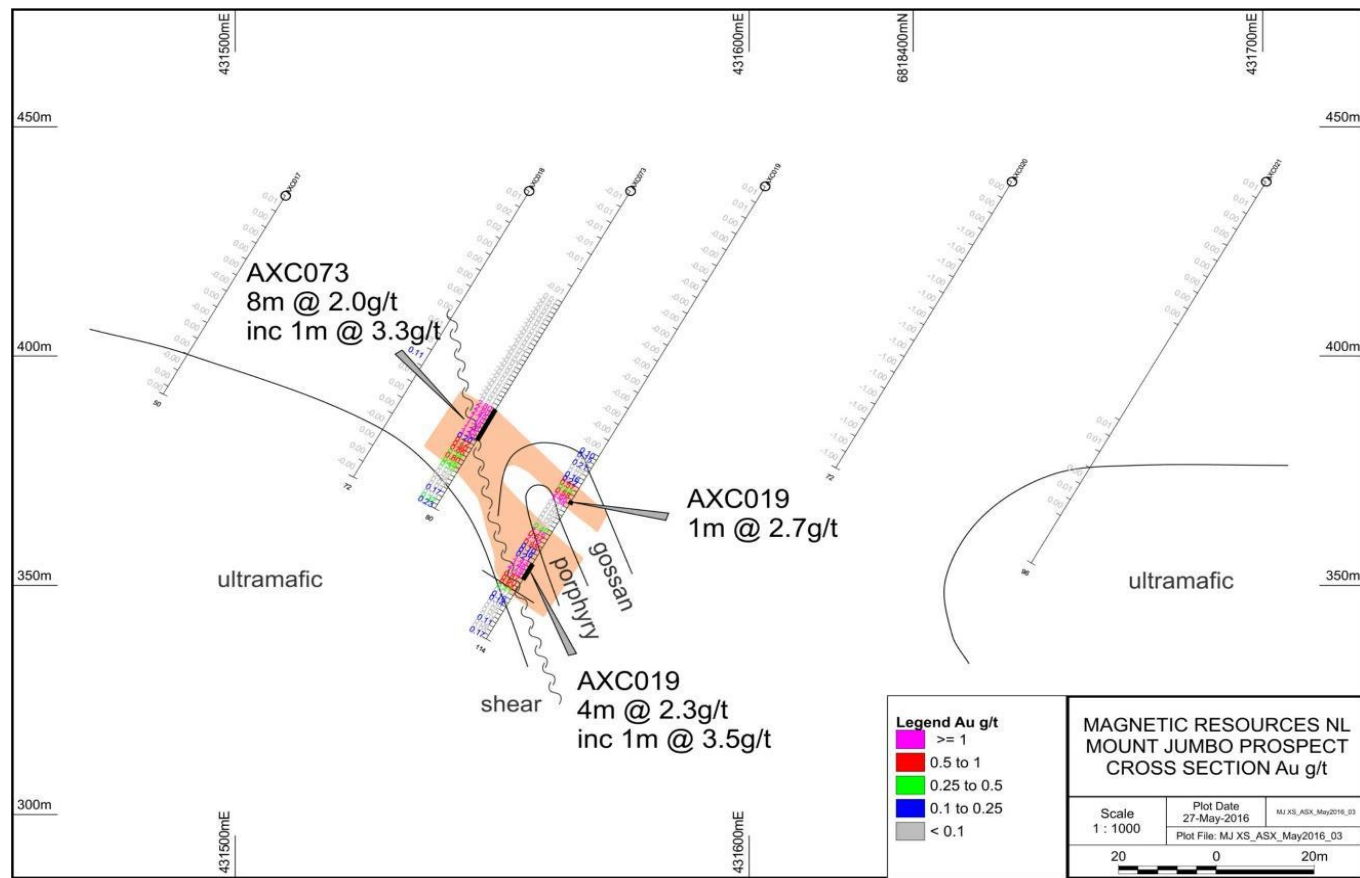
- This intersection of 6m @ 1.9g/t is open at depth and along strike.
- The mineralisation also extends along strike.
- This is surprising as the RC holes have only been completed down to a relatively shallow average 90m vertical depth with better intersections below the saprolite clay layers often associated with ironstone and quartz veins on the contact between ultramafics and mafic rocks.



Historical drilling cross section A-A

Laverton Gold Project – Mt Jumbo Drill Section

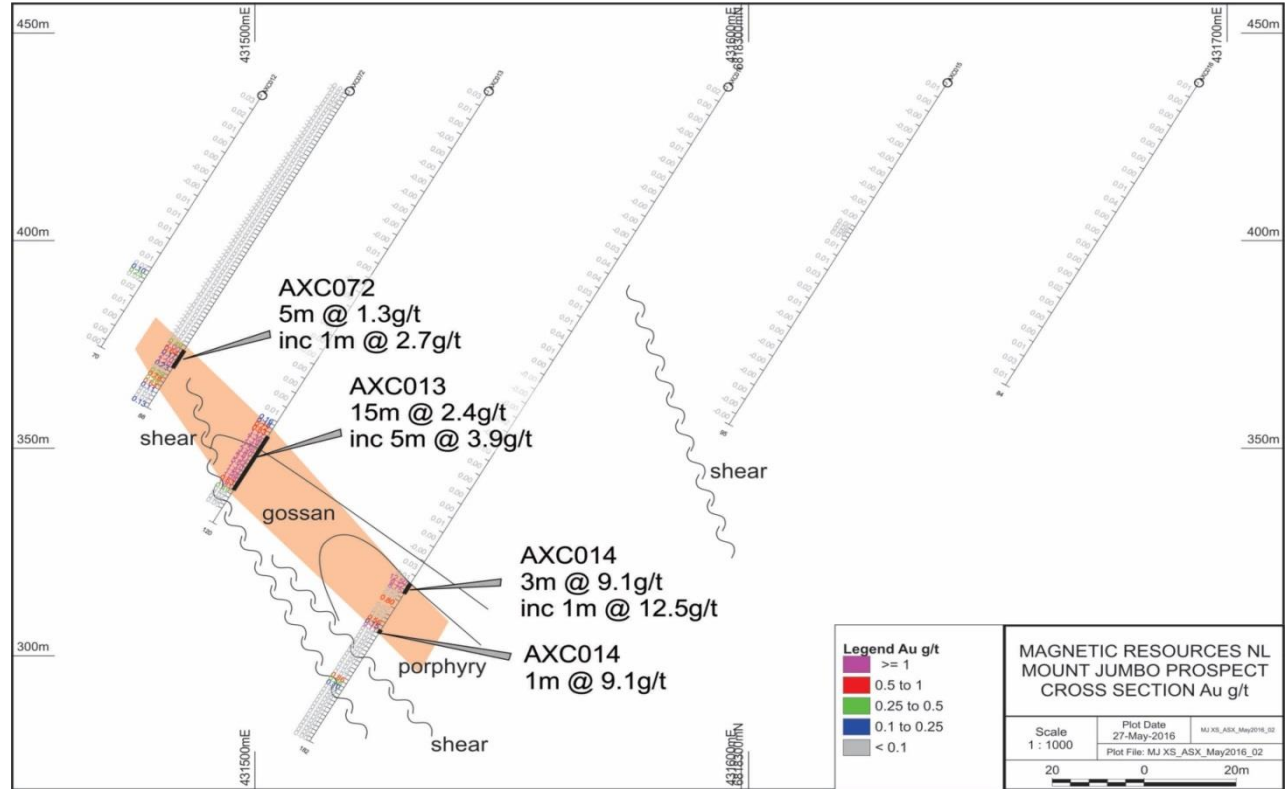
- Significantly, the mineralisation in some cases appears to be flatly dipping to the east with evidence of multiple mineralized zones.
- Similar in geometry to other deposits in the region including the Wallaby deposit(>7Moz).
- These open-ended multiple zones provide encouragement for both deeper and 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 B-B

Laverton Gold Project – Mt Jumbo Drill Section

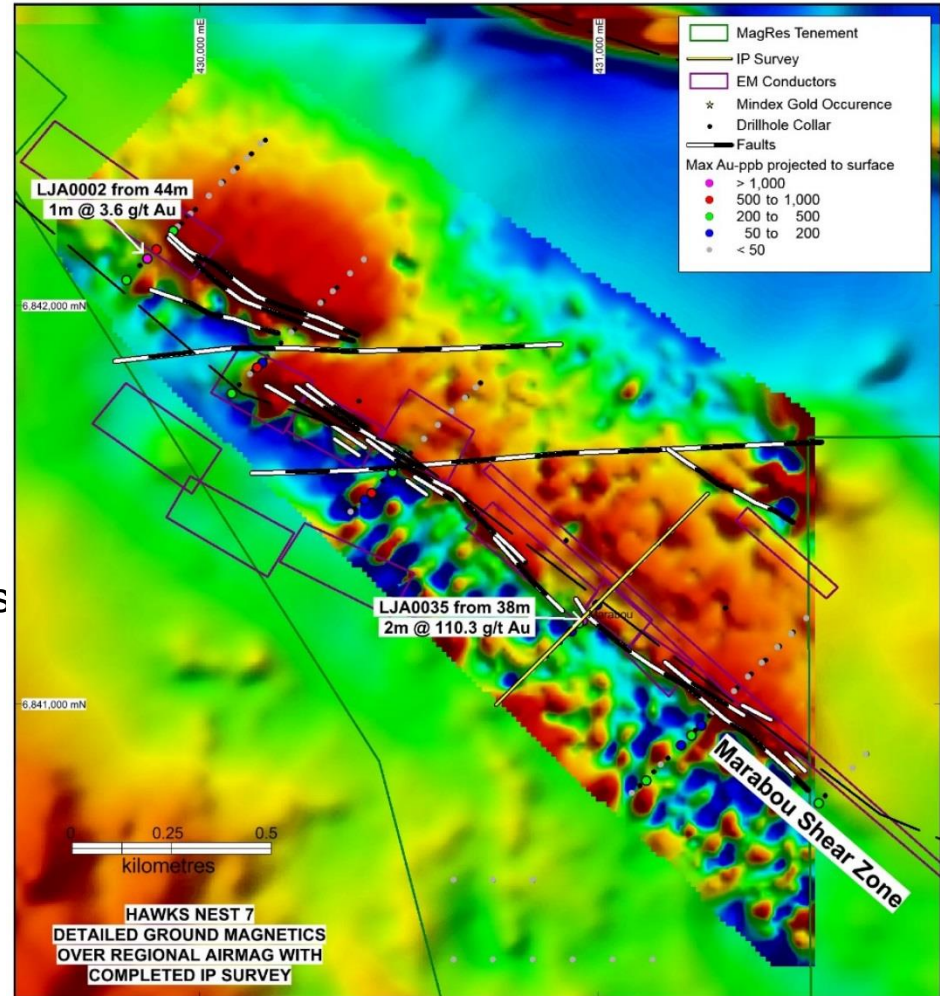
- ❑ The mineralisation appears to be steeply dipping to the east in the southern part of the shear. zone.
- ❑ Similar in geometry to other deposits in the region including the Wallaby deposit(>7Moz).
- ❑ These open zones provide encouragement for down dip drilling in the future.



Historical drilling cross section C-C

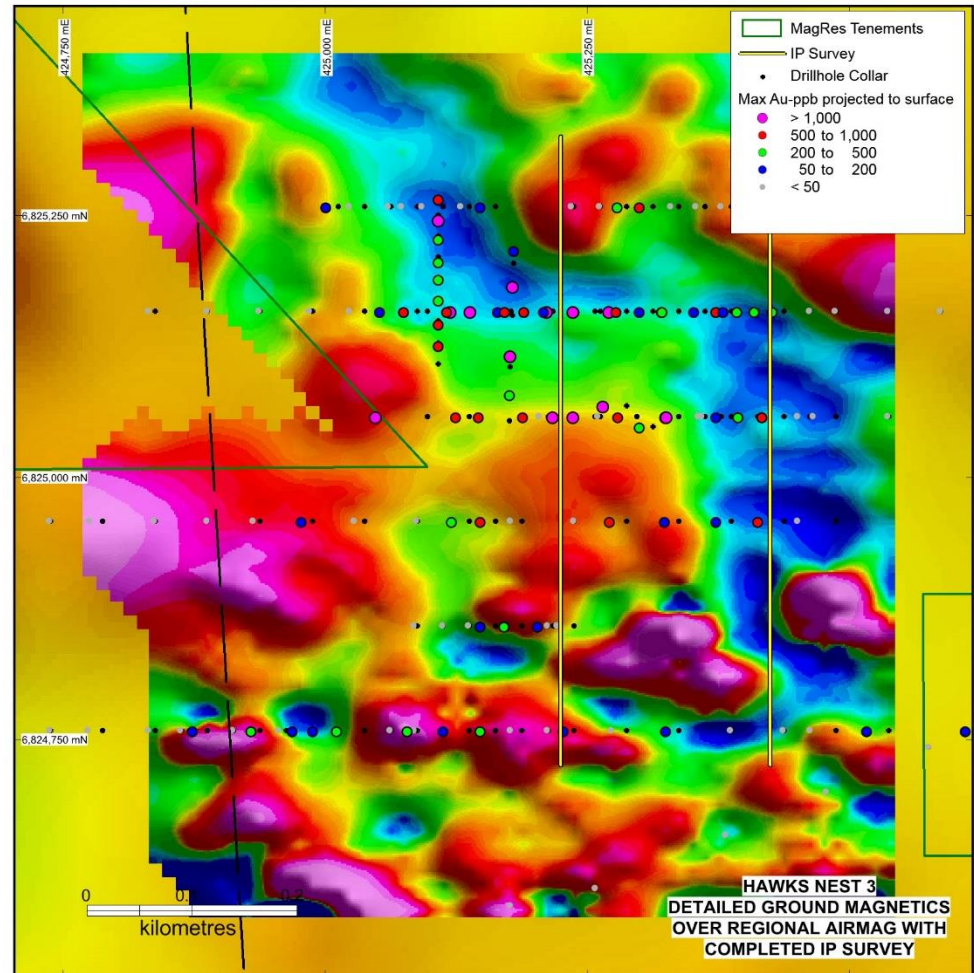
Laverton Gold Projects Marabou

- ❑ 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.
- ❑ IP designed to map sulphides beneath this highly anomalous gold intersection.
- ❑ Gold zones defined by quartz veins and disseminated sulphides.



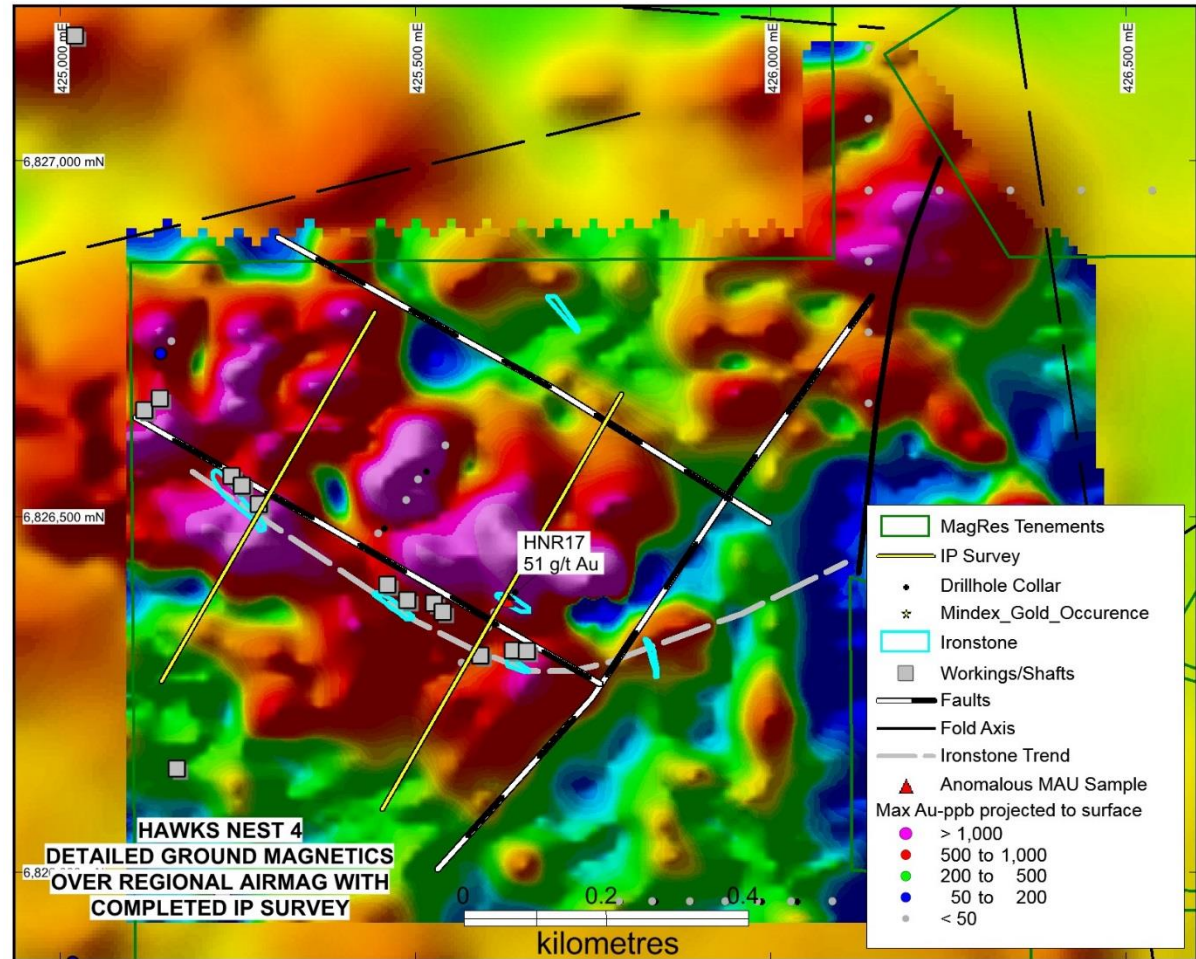
Laverton Gold Projects Hawks Nest 3

- ❑ Sericite alteration of porphyry and unusual rock types including dolomitic sediments.
- ❑ 17 holes have grades above 1g/t and a high value of 1m@13g/t.
- ❑ Extensive supergene zone at 30-40m depth over 400m x 300m.
- ❑ Long I.P. lines designed to target mineralisation source below supergene zone.



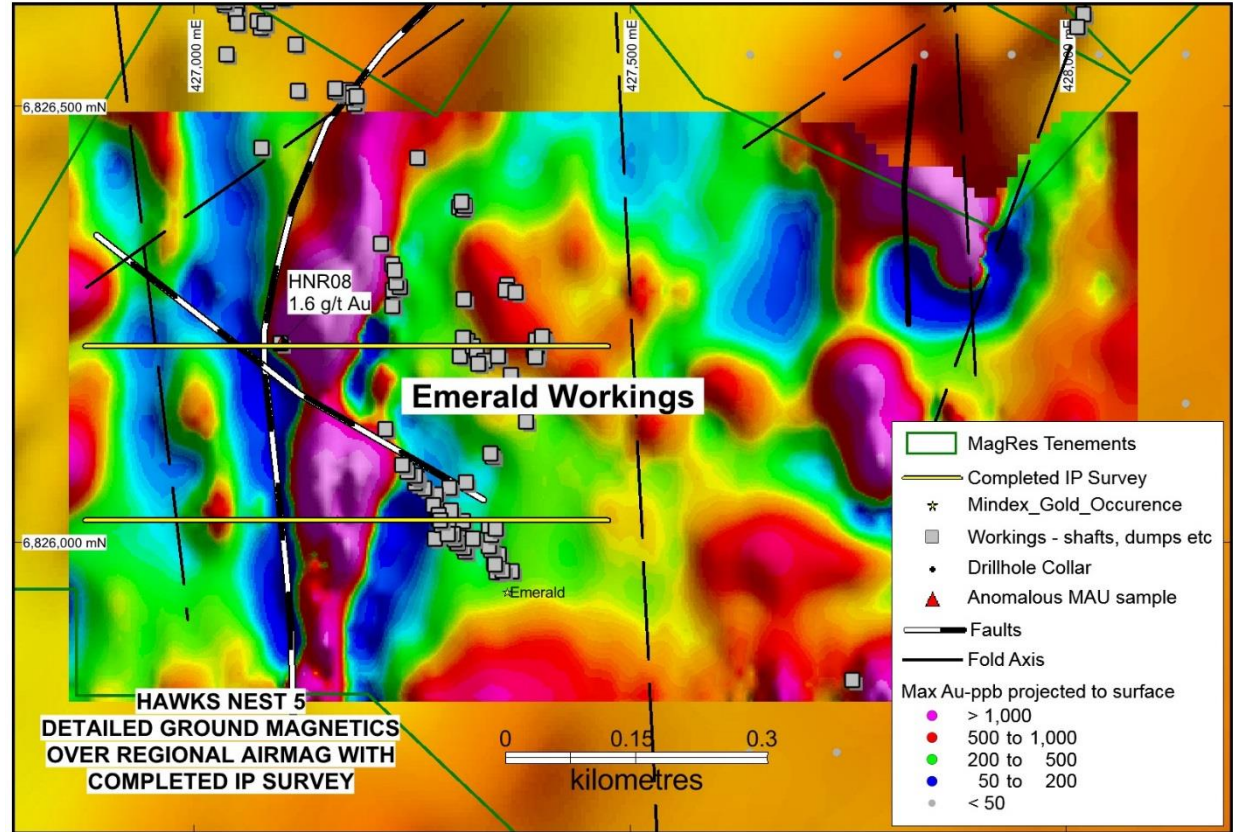
Laverton Gold Projects Hawks Nest 4

- 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 lines designed to test for deeper mineralisation.



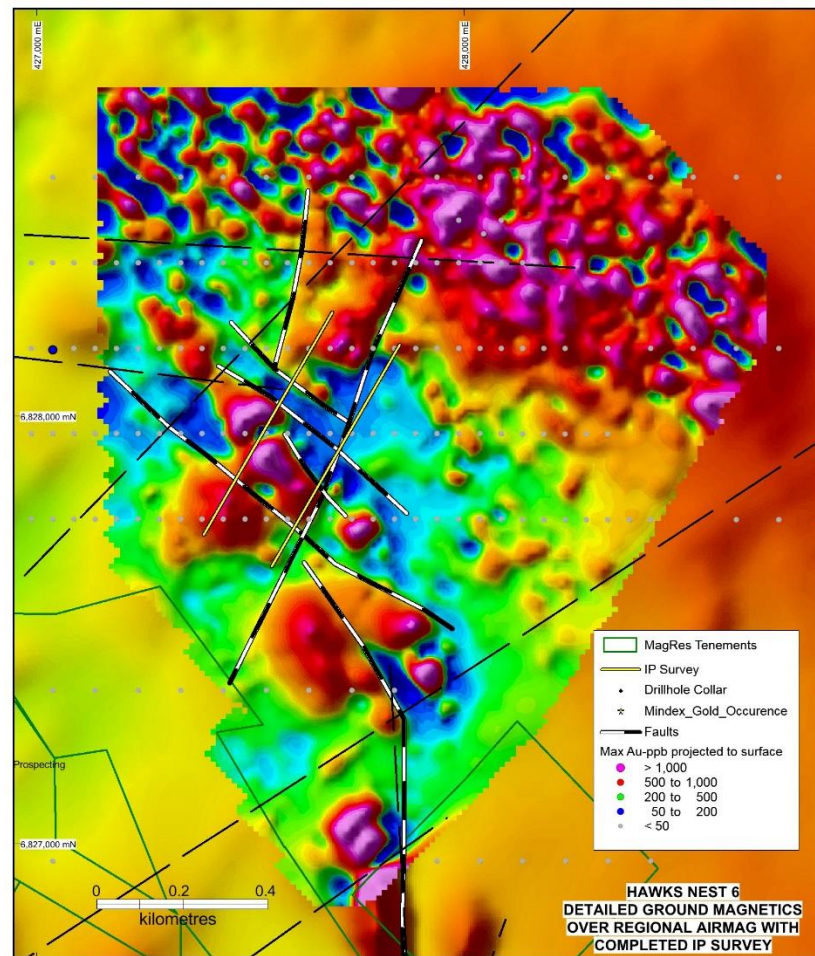
Laverton Gold Projects Hawks Nest 5

- 800mx150m sheared banded amphibolite.
- Surface sample of 1.6g/t in working.
- IP lines to test shear zone and two separate parallel lines across Emerald workings.



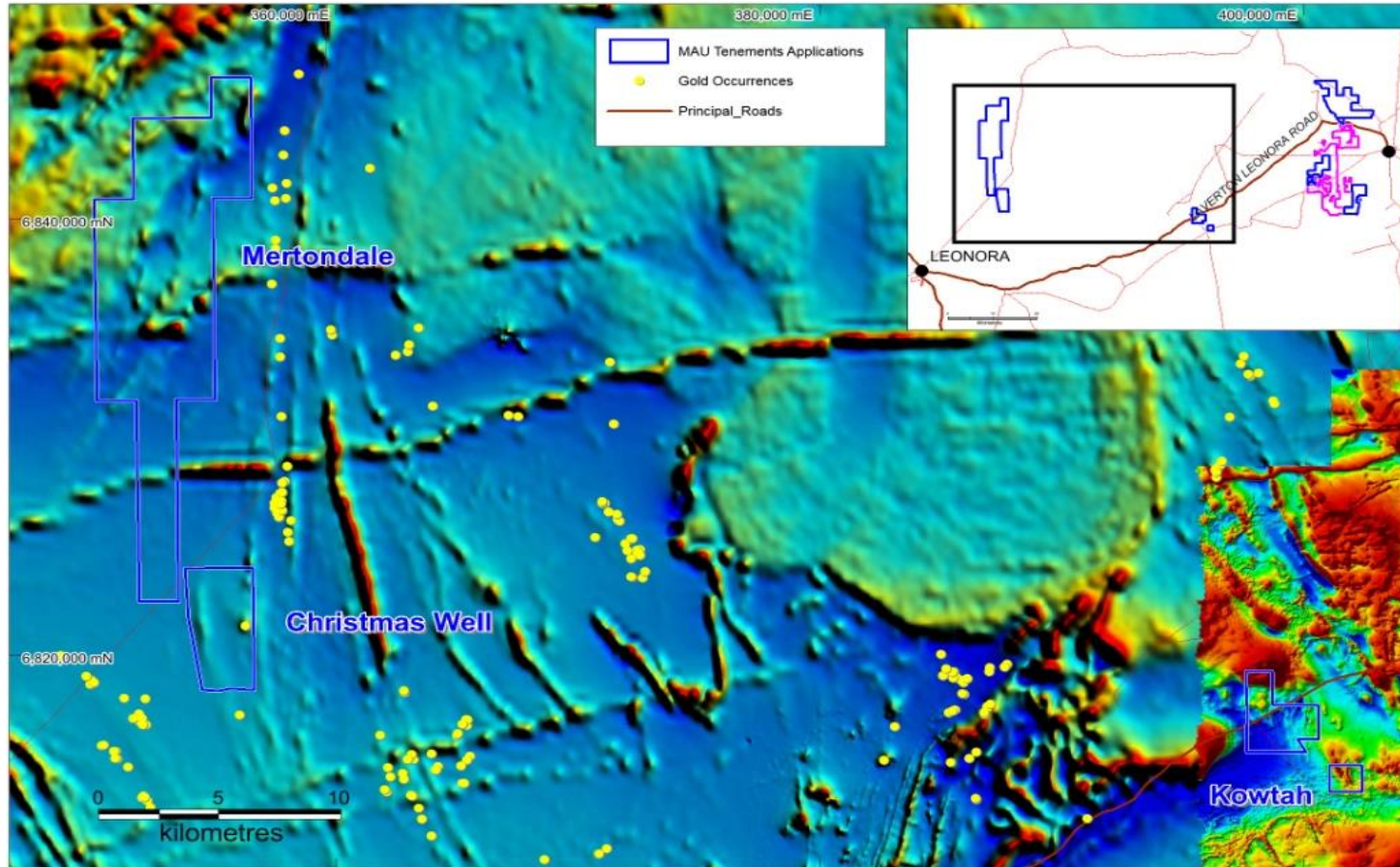
Laverton Gold Projects Hawks Nest 6

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



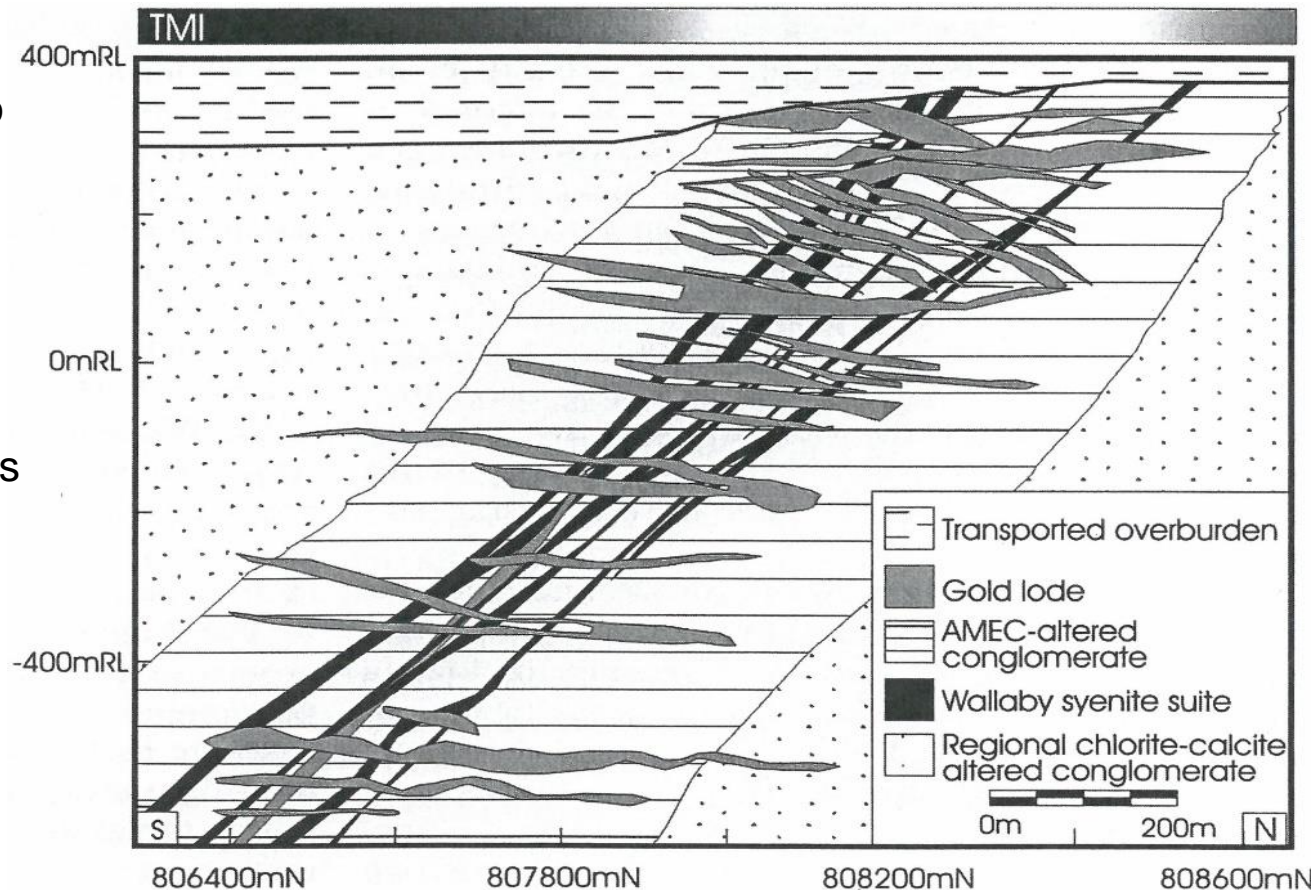
Leonora-Laverton Gold Project Locations

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



Source: Salier BP et al (2004), Mineralium Deposita 39: 473-494

Leonora-Laverton Gold Project

NNW Emerald
workings at
Hawks Nest 5



Mount Jumbo
BIF



Emerald workings
shaft at Hawks
Nest 5

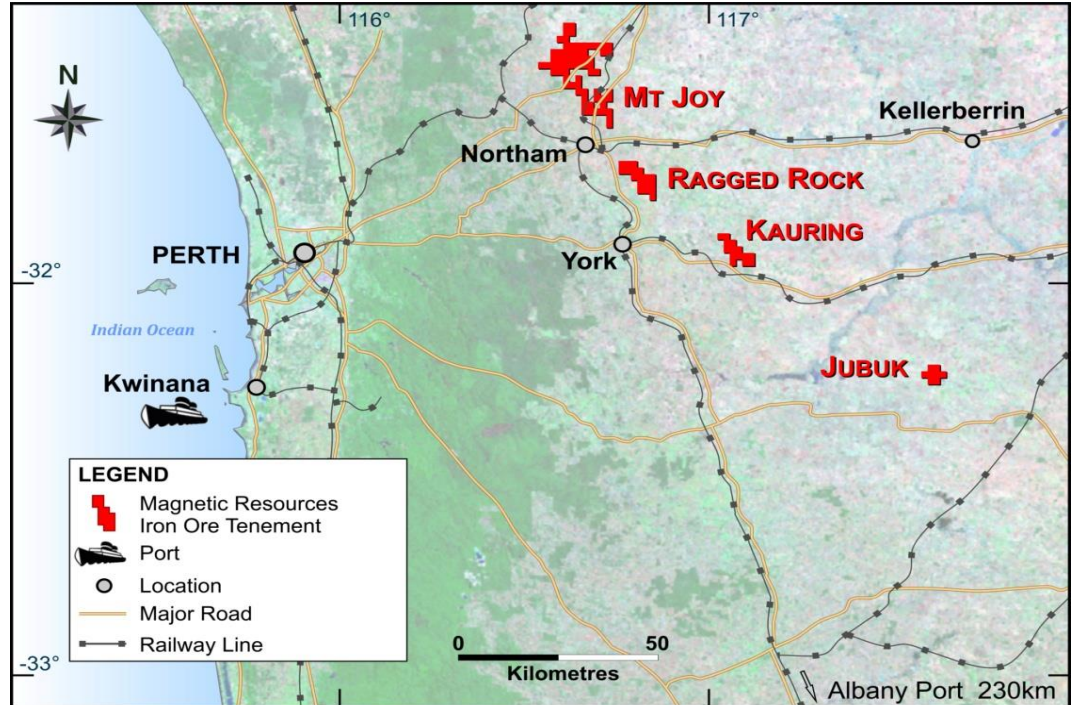


Hawks Nest 5
area



IRON ORE LOCATION - Close to Infrastructure

- ❑ Magnetic Resources still maintains an interest in potentially economic iron ore deposits.
- ❑ Several key projects representing >50km of coarse grained premium quality magnetite targets.
- ❑ Current focus are Kauring and Mount Joy.
- ❑ All within 10km of Government owned, open access railways.



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



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