



magnetic resources<sup>NL</sup>

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**ASX Release**  
**4 March 2014**

**ASX code: MAU**

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## AMENDMENT

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Magnetic Resources NL (**Magnetic or the Company**) wishes to provide a clarification to its announcement dated 19 February 2014.

In the announcement, the Company included an exploration target in the highlights section of the announcement.

The Company re-releases that announcement with the exploration target only in the body of the text together with an update on the proposed timing to convert the exploration target to a resource.

For more information on the company visit [www.magres.com.au](http://www.magres.com.au)

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## STRONG ASSAY RESULTS OVER THICK MAGNETITE BIF AT KAURING

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### HIGHLIGHTS:

- **Wide zones of coarse grained magnetite encountered on both the eastern BIF (50m) and the Western BIF (40m) with low dilution and interpreted from geophysics to expect a combined 105m width of BIF for the Central Target.**
- **Assay results from the eastern BIF are very encouraging with high recoveries of magnetite from Satmagan averaging 35% and high Fe contents averaging 32% Fe head assay over 55m of magnetite BIF.**
- **Further petrology and assay work is being awaited over the 30m thick weathered BIF to determine its DSO potential.**
- **Positive results from weathered BIF assessment would increase the overall size of the Exploration Target\***

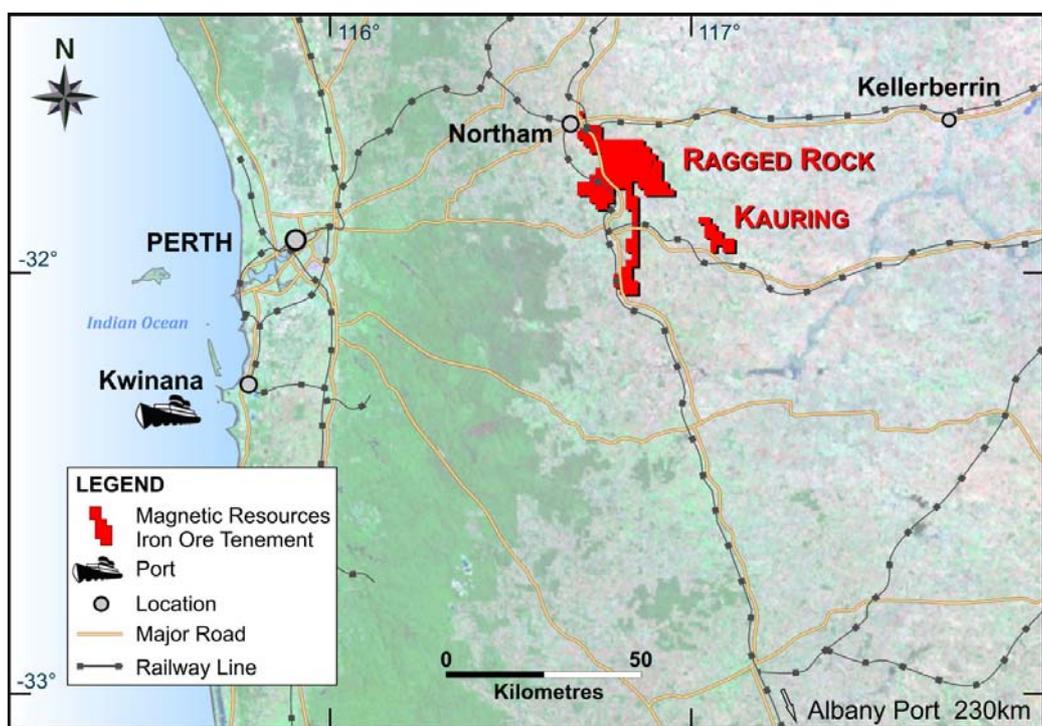
Magnetic Resource NL (**Magnetic or the Company**) is pleased to announce preliminary assay results from a first phase of an initial reverse circulation drilling program at its 100% owned Kauring Project (**Kauring**). Refer to Figures 1 and 2.

Assaying has confirmed the presence of extensive thicknesses of magnetite iron ore mineralization from drill hole KRC4 which underlies a geophysical target. Refer to Tables 2 and 3 for details of KRC4 geology and assay results to date.

The results are very encouraging for a number of key reasons:

- The BIF zone is very consistent in grade and magnetite content which is amenable to a future mining operation
- The average magnetite content (as measured by Satmagan) is high with 35% average over 55m of BIF, including zones as high as 58.2% magnetite.
- DTR tests which are currently being carried out are expected to deliver higher recoveries as Satmagan is a theoretical measure of pure magnetite.
- The 30m of weathered BIF that lies above the magnetite has the potential for a DSO style product, subject to further testwork.
- If successful, the weathered BIF would contribute to a larger exploration target being announced.

The Kauring Project is located 30 km SE of the Company's Ragged Rock magnetite Project area.



**Figure 1: Location Map Kauring Project**

A global Exploration Target for the South, Central and North Targets is by inference, based on airborne and ground magnetics with mapped and drilled geology at the Central Target, **about 95-101Mt at 32%Fe-34%Fe for 100m of fresh BIF down to 150m depth and 128-137Mt at 32%Fe-34%Fe for 150m of fresh BIF down to 200m depth.** See table 1 below.

**Table 1: Exploration Target\* Summaries – Magnetite only**

	Global Exploration Target Parameters Kauring				100m Fresh BIF	150m Fresh BIF
	Width (m)	Lenses	Strike	SG	to 150m depth Tonnes	to 200m depth Tonnes
Central Target	90-105	2	1000	3.5	31-37Mt	46-55Mt
Central Extension	50	1	800	3.5	14Mt	21Mt
South Target	90	2	600	3.5	19Mt	28Mt
North Target	90	2	700	3.5	22Mt	33Mt
Totals					95-101Mt	128-137Mt

*\*(The potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource).*

This is quite attractive because the distance between these targets is only 6.5km. Also the ground magnetics within the Central Target indicate a continuous zone for the eastern BIF zone and less continuous for the western BIF zone.

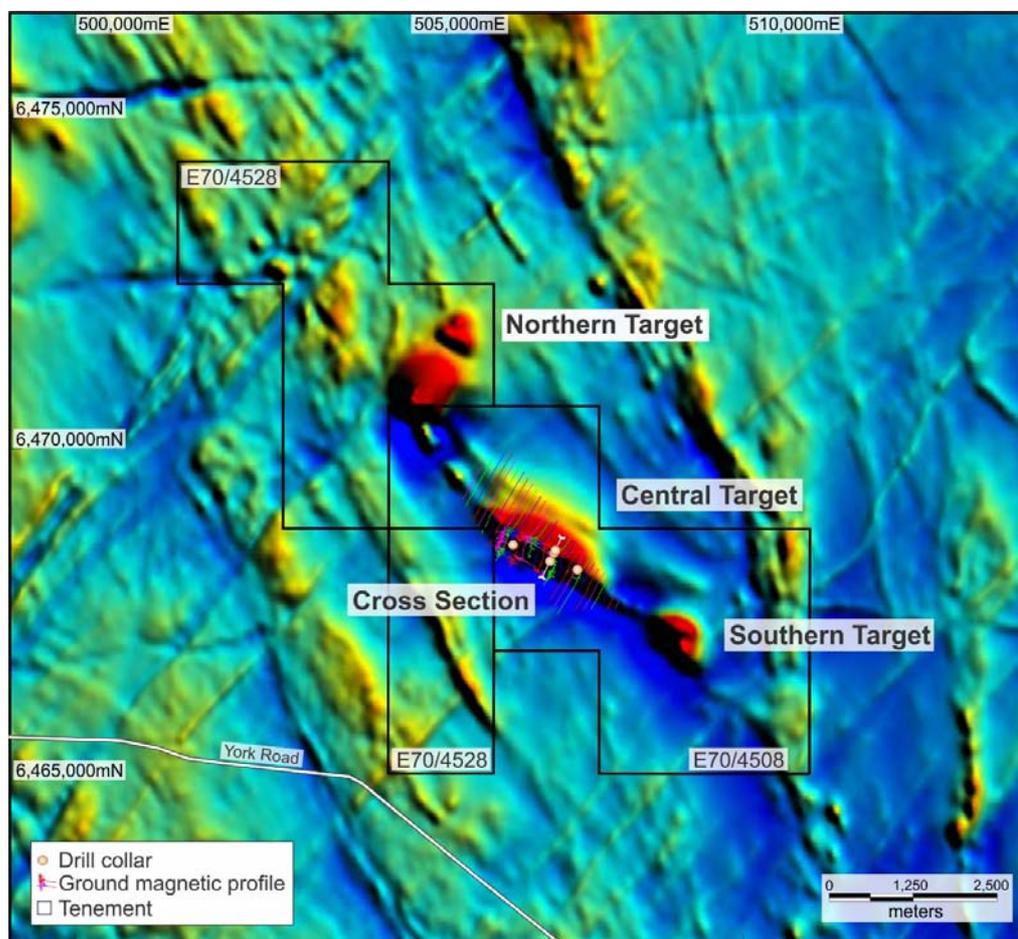
The Company is very encouraged by the fresh BIF encountered in KRC4 within the eastern zone exhibiting elevated Fe<sub>3</sub>O<sub>4</sub> Satmagan recoveries averaging 35% with a corresponding XRF Fe head grade averaging 32% over 55m down the hole with sampling carried out every metre. Significantly this zone ended in mineralization. Refer to Tables 2 and 3 for drill and assay detail.

Davis Tube Recovery (DTR) work is being conducted with four composite samples representing the fresh BIF intersected at KRC4 and results will be announced when received. It is expected that DTR recoveries will be higher than the current 35% average as Satmagan is a theoretical measure of pure magnetite.

Further assay work is being conducted over the weathered BIF to determine the DSO potential on composite samples and petrology assessment and will advise in due course results when available.

The ongoing exploration to convert this exploration target to a resource will be subject to a varying number of parameters contingent on future outcomes including but not limited to assays results, future drilling and ongoing exploration results. It is planned that this work will be ongoing and staged over the next 12 months subject to the success of the ongoing work.

Commenting on the results, Managing Director, George Sakalidis *“the results whilst preliminary show significant potential for a potentially second significant iron ore discovery within the Company’s portfolio. Whilst additional drilling is required to give greater confidence, the initial results show thick zones of BIF which the Company would seek to drill and expand with the hope of developing a second asset.”*



**Figure 2: Kauring Project showing three targets and Central Target Drilling Section**

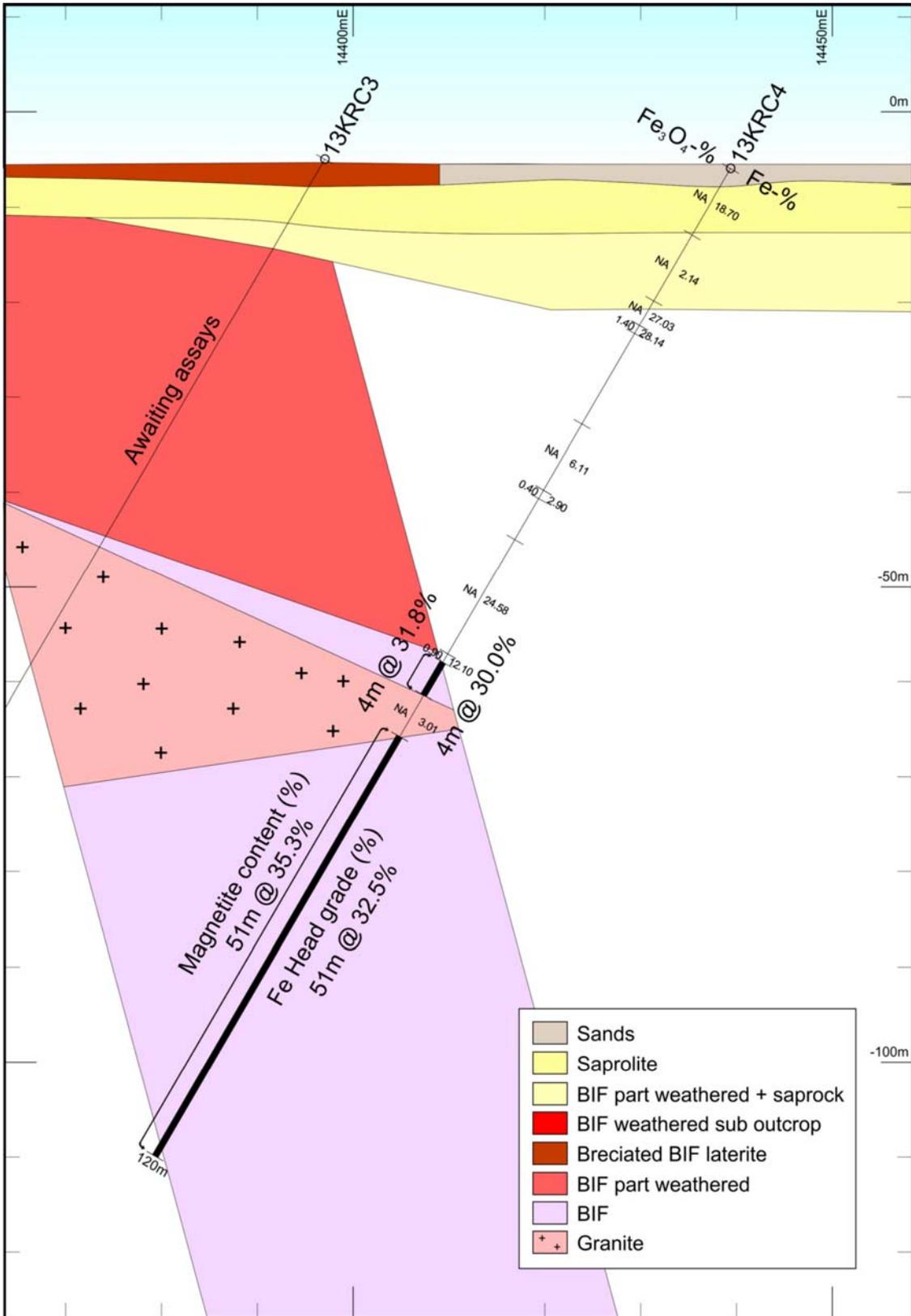


Fig. 3: Schematic Cross Section of DH KRC4 showing Fe head grades and magnetite content

**Table 2: Kauring Drill Hole 13KRC4 description**

Sample No	Composite	Single	Drill Hole	From	To	Susc	Geology
KRC			Azi 210			x10-3	
1263	Composite KRCC21		13KRC4	0	1	2	lateritic weathered BIF
1264	Composite KRCC21		Azimuth 210	1	2	20	lateritic weathered BIF
1265	Composite KRCC21		Dip 060	2	3	40	lateritic weathered BIF
1266	Composite KRCC21		Easting 507217	3	4	50	lateritic weathered BIF
1267	Composite KRCC21		Northing 6468467	4	5	5	lateritic weathered BIF
1268	Composite KRCC21			5	6	6	lateritic weathered BIF
1269	Composite KRCC21			6	7	3	lateritic weathered BIF
1270	Composite KRCC21			7	8	10	lateritic weathered BIF
1271	Composite KRCC22			8	9	3	saprolite
1272	Composite KRCC22			9	10	1	saprolite
1273	Composite KRCC22			10	11	5	saprolite
1274	Composite KRCC22			11	12	8	saprolite
1275	Composite KRCC22			12	13	1	saprolite
1276	Composite KRCC22			13	14	4	saprolite
1277	Composite KRCC22			14	15	4	saprolite
1278	Composite KRCC22			15	16	4	saprolite
1279	Composite KRCC23			16	17	4	BIF part weathered+saprock
1280	Composite KRCC23			17	18	4	BIF part weathered+saprock
1281	Composite KRCC23			18	19	4	BIF part weathered+saprock
1282	1387			19	20	25	BIF part weathered
1283	Composite KRCC23			20	21	10	BIF part weathered
1284	Composite KRCC23			21	22	8	BIF part weathered
1285	Composite KRCC23			22	23	14	BIF part weathered
1286	Composite KRCC23			23	24	25	BIF part weathered
1287	Composite KRCC23			24	25	20	BIF part weathered
1288	Composite KRCC23			25	26	22	BIF part weathered
1289	Composite KRCC23			26	27	110	BIF part weathered
1290	Composite KRCC23			27	28	10	BIF part weathered
1291	Composite KRCC23			28	29	50	BIF part weathered
1292	single	GIOP 87	Standard				
1293	Composite KRCC23			29	30	30	BIF part weathered
1294	Composite KRCC23			30	31	28	BIF part weathered
1295	Composite KRCC24			31	32	5	saprolite
1296	Composite KRCC24			32	33	1	saprolite
1297	Composite KRCC24			33	34	1	saprolite
1298	Composite KRCC24			34	35	1	saprolite
1299	Composite KRCC24			35	36	1	saprolite
1300	Composite KRCC24			36	37	1	saprolite
1301	Composite KRCC24			37	38	1	saprolite
1302	Composite KRCC24			38	39	1	saprolite
1303	1388		duplicate	39	40	1	saprolite
1304	Composite KRCC24			40	41	1	saprolite
1305	Composite KRCC24			41	42	1	saprolite

1306	Composite KRCC24			42	43	1	saprolite
1307	Composite KRCC24			43	44	1	saprolite
1308	Composite KRCC24			44	45	1	saprolite
1309	Composite KRCC25			45	46	20	Fe stone puggy saprock
1310	Composite KRCC25			46	47	28	Fe stone puggy saprock
1311	Composite KRCC25			47	48	5	Fe stone puggy saprock
1312	Composite KRCC25			48	49	60	Fe stone puggy saprock
1313	Composite KRCC25			49	50		Fe stone puggy saprock
1314	Composite KRCC25			50	51	6	Fe stone puggy saprock
1315	Composite KRCC25			51	52	6	Fe stone puggy saprock
1316	Composite KRCC25			52	53	18	Fe stone puggy saprock
1317	Composite KRCC25			53	54	14	Fe stone puggy saprock
1318	Composite KRCC25			54	55	3	Fe stone puggy saprock
1319	Composite KRCC25			55	56	16	Fe stone puggy saprock
1320	Composite KRCC25			56	57	3	Fe stone puggy saprock
1321	Composite KRCC25			57	58	10	Fe stone puggy saprock
1322	Composite KRCC25			58	59	90	Fe stone puggy saprock
1323	1389		duplicate	59	60	2	Fe stone puggy saprock
1324	single	GIOP 102	Standard				
1325	single			60	61	325	BIF fresh
1326	single			61	62	365	BIF fresh
1327	single			62	63	400	BIF fresh
1328	single			63	64	240	BIF fresh
1329	Composite KRCC26			64	65	6	Gneiss _ granitic_fresh
1330	Composite KRCC26			65	66	6	Gneiss _ granitic_fresh
1331	Composite KRCC26			66	67	1	Gneiss _ granitic_fresh
1332	Composite KRCC26			67	68	1	Gneiss _ granitic_fresh
1333	Composite KRCC26			68	69	1	Gneiss _ granitic_fresh
1334	single			69	70	800	BIF fresh
1335	single			70	71	800	BIF fresh
1336	single			71	72	700	BIF fresh
1337	single			72	73	400	BIF fresh
1338	single			73	74	30	BIF fresh
1339	single			74	75	500	BIF fresh
1340	single			75	76	800	BIF fresh
1341	single			76	77	1050	BIF fresh
1342	single			77	78	1000	BIF fresh
1343	single			78	79	400	BIF fresh
1344	single			79	80	500	BIF fresh
1345	single			80	81	900	BIF fresh
1346	single			81	82	650	BIF fresh
1347	single			82	83	850	BIF fresh
1348	single			83	84	300	BIF fresh
1349	single			84	85	300	BIF fresh
1350	single			85	86	620	BIF fresh
1351	single			86	87	450	BIF fresh
1352	single			87	88	600	BIF fresh
1353	single			88	89	700	BIF fresh

1354	single			89	90	700	BIF fresh
1355	single	GIOP 126	standard				
1356	single			90	91	800	BIF fresh
1357	single			91	92	750	BIF fresh
1358	single			92	93	700	BIF fresh
1359	single			93	94	250	BIF fresh
1360	1390			94	95	550	BIF fresh
1361	single			95	96	650	BIF fresh
1362	single			96	97	700	BIF fresh
1363	single			97	98	550	BIF fresh
1364	single			98	99	850	BIF fresh
1365	single			99	100	250	BIF fresh
1366	single			100	101	230	BIF fresh
1367	single			101	102	340	BIF fresh
1368	single			102	103	600	BIF fresh
1369	single			103	104	750	BIF fresh
1370	single			104	105	950	BIF fresh
1371	single			105	106	650	BIF fresh
1372	single			106	107	650	BIF fresh
1373	single			107	108	600	BIF fresh
1374	single			108	109	70	BIF fresh
1375	single			109	110	300	BIF fresh
1376	single			110	111	750	BIF fresh
1377	single			111	112	600	BIF fresh
1378	single			112	113	450	BIF fresh
1379	single			113	114	150	BIF fresh + sulphides
1380	single			114	115	500	BIF fresh
1381	1391		Duplicate	115	116	280	BIF fresh
1382	single			116	117	200	BIF fresh
1383	single			117	118	380	BIF fresh
1384	single			118	119	230	BIF fresh
1385	single			119	120	250	BIF fresh
1386	single	GIOP 102	standard				

**Table 3:**  
**XRF Assay Results from a 12:22 flux and fused glass bead, LOI by robotic TGA and Satmagan Fe3O4% - Bureau Veritas Laboratory, Perth (NA = not available)**

Sample No	From	To	Satmagan	Fe	SiO2	Al2O3	TiO2	P	S	LOI1000
KRC			Fe3O4%	%	%	%	%	%	%	%
1263	0	1	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06
1264	1	2	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06
1265	2	3	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06
1266	3	4	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06
1267	4	5	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06
1268	5	6	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06
1269	6	7	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06
1270	7	8	NA	18.7	54.86	12.01	0.68	0.013	0.027	5.06

1271	8	9	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1272	9	10	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1273	10	11	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1274	11	12	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1275	12	13	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1276	13	14	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1277	14	15	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1278	15	16	NA	2.14	83.2	9.07	0.53	0.004	0.005	3.52
1279	16	17	NA	27.03	53.97	3.31	0.15	0.025	0.009	3.49
1280	17	18	NA	27.03	53.97	3.31	0.15	0.025	0.009	3.49
1281	18	19	NA	27.03	53.97	3.31	0.15	0.025	0.009	3.49
1282	19	20	1.4	28.14	55.06	1.37	0.08	0.018	0.01	2.89
1283	20	21								
1284	21	22								
1285	22	23								
1286	23	24								
1287	24	25								
1288	25	26								
1289	26	27								
1290	27	28								
1291	28	29								
1292			std							
1293	29	30								
1294	30	31								
1295	31	32	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1296	32	33	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1297	33	34	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1298	34	35	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1299	35	36	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1300	36	37	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1301	37	38	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1302	38	39	NA	6.11	68.41	14.5	0.13	0.017	0.01	4.61
1303	39	40	0.4	2.9	69.88	17.02	0.22	0.013	0.008	5.38
1304	40	41	NA							
1305	41	42	NA							
1306	42	43	NA							
1307	43	44	NA							
1308	44	45	NA							
1309	45	46	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1310	46	47	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1311	47	48	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1312	48	49	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1313	49	50	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1314	50	51	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1315	51	52	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1316	52	53	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1317	53	54	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1318	54	55	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25

1319	55	56	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1320	56	57	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1321	57	58	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1322	58	59	NA	24.58	55.93	3.99	0.11	0.037	0.008	2.25
1323	59	60	0.9	12.1	63.31	10.67	0.14	0.038	0.005	2.44
1324			std							
1325	60	61	29.91	30.86	49.31	1.78	0.03	0.017	0.049	-0.39
1326	61	62	32.56	30.13	53.37	0.54	0.02	0.021	0.053	-0.81
1327	62	63	34.57	29.83	54.65	0.27	<0.01	0.015	0.081	-0.99
1328	63	64	30.09	29.16	54.68	0.39	<0.01	0.017	0.035	-0.73
1329	64	65	NA	3.01	72.62	12.84	0.14	0.02	0.015	0.81
1330	65	66	NA	3.01	72.62	12.84	0.14	0.02	0.015	0.81
1331	66	67	NA	3.01	72.62	12.84	0.14	0.02	0.015	0.81
1332	67	68	NA	3.01	72.62	12.84	0.14	0.02	0.015	0.81
1333	68	69	NA	3.01	72.62	12.84	0.14	0.02	0.015	0.81
1334	69	70	12.93	12	63.04	10.31	0.12	0.02	0.014	0.29
1335	70	71	44.7	36.83	41.8	0.47	<0.01	0.015	0.06	-1.17
1336	71	72	41.14	34.54	47.02	0.37	<0.01	0.014	0.2	-1.13
1337	72	73	33.65	28.79	55.11	1.16	0.02	0.014	0.03	-0.7
1338	73	74	30	25.27	61.18	0.3	0.03	0.016	0.036	-0.95
1339	74	75	18.77	17.2	61.04	6.75	0.22	0.034	0.093	-0.07
1340	75	76	38.58	34.85	43.7	1.13	0.11	0.032	0.1	-1.09
1341	76	77	35.2	31.38	49.22	1.14	0.25	0.047	0.065	-0.87
1342	77	78	46.34	38.74	37.76	3.01	0.3	0.048	0.19	-1.14
1343	78	79	49.67	41.64	36.61	0.54	0.06	0.018	0.159	-1.18
1344	79	80	52.93	42.63	36.77	0.16	0.02	0.011	0.073	-1.74
1345	80	81	58.18	46.13	31.76	0.36	0.03	0.016	0.099	-1.84
1346	81	82	50.58	41.71	36.46	0.25	0.02	0.014	0.031	-1.59
1347	82	83	47.32	39.51	39.43	0.23	0.02	0.016	0.058	-1.41
1348	83	84	30.55	28.95	49.29	1.96	0.08	0.02	0.395	-0.2
1349	84	85	30.73	30.98	44.38	1.97	0.09	0.026	0.235	-0.69
1350	85	86	34.11	32.92	46.22	0.51	0.02	0.018	0.179	-1.31
1351	86	87	26.71	28.72	50.51	0.77	0.04	0.017	0.278	-1.09
1352	87	88	31.1	31.68	45.84	2.43	0.13	0.04	0.421	-0.67
1353	88	89	36.03	34.85	45.32	0.4	0.02	0.015	0.178	-1.32
1354	89	90	45.43	39.69	41.36	0.21	<0.01	0.017	0.156	-1.61
1355			std							6.23
1356	90	91	44.33	40.46	38.91	0.54	0.02	0.021	0.117	-1.68
1357	91	92	44.24	39.64	40.89	0.26	0.02	0.016	0.084	-1.69
1358	92	93	40.5	37.71	41.34	0.36	0.02	0.018	0.181	-0.84
1359	93	94	47.32	40.1	41.16	0.31	0.02	0.019	0.091	-1.5
1360	94	95	32.37	31.43	50.81	0.58	0.04	0.017	0.239	-1.23
1361	95	96	34.66	31.55	52.29	0.43	0.03	0.02	0.267	-1.25
1362	96	97	46.07	39.94	40.68	0.42	0.03	0.016	0.161	-1.56
1363	97	98	17.68	16.54	61.4	7.7	0.11	0.02	0.122	-0.08
1364	98	99	37.49	33.06	49.01	0.85	0.03	0.016	0.15	-1.08
1365	99	100	42.69	38.75	40.85	0.49	0.04	0.019	0.733	-1.19
1366	100	101	20.51	29.93	44.03	3.48	0.15	0.062	1.89	0.12

1367	101	102	12.93	26.22	44.42	7.32	0.39	0.024	2.24	0.49
1368	102	103	33.65	32.18	47.37	2.39	0.23	0.025	0.537	-0.85
1369	103	104	37.58	33.74	47.93	0.73	0.05	0.02	0.412	-1.08
1370	104	105	44.97	38.54	41.32	0.63	0.05	0.016	0.934	-0.85
1371	105	106	25.07	40.21	40.53	0.29	0.02	0.013	0.285	-1.47
1372	106	107	24.34	38.29	42.98	0.43	0.03	0.013	0.187	-1.41
1373	107	108	42.96	37.25	42.95	0.52	0.03	0.014	1.02	-0.66
1374	108	109	43.51	35.64	45.68	0.74	0.03	0.014	0.241	-1.09
1375	109	110	10.92	10.52	64.99	10.75	0.16	0.018	0.055	0.27
1376	110	111	33.38	27.98	51.55	3.82	0.06	0.017	0.06	-0.81
1377	111	112	43.79	36.29	44.93	0.79	0.03	0.015	0.147	-1.28
1378	112	113	43.24	36.07	45.27	0.67	0.03	0.017	0.143	-1.28
1379	113	114	31.83	28.39	55.73	0.87	0.03	0.018	0.146	-0.86
1380	114	115	20.32	22.58	55.32	4.75	0.23	0.014	1.37	0.89
1381	115	116	32.92	30.96	49.19	0.96	0.05	0.018	0.654	-0.72
1382	116	117	31.28	29.5	50.43	1.15	0.06	0.018	0.499	-0.67
1383	117	118	19.32	19.41	60.4	6.33	0.25	0.028	0.151	1.02
1384	118	119	33.56	29.44	52.03	2.64	0.09	0.016	0.143	-0.48
1385	119	120	29.64	26.48	56.47	2.31	0.07	0.021	0.244	-0.33
1386			std							

The Company has embarked on testing magnetite deposits that are supported by high amplitude regional magnetic anomalies, near surface coarse grained BIF of high quality, areal dimension for potential commercial exploitation, logistics and infrastructure available, such as the nearby Ragged Rock project.

The Kauring Project also exhibits these principal requirements of selectivity to explore its potential by carrying out metallurgical testing and intentionally to add as iron inventory, further offering scope for greater flexibility and development.

DSO type deposits not observed at Ragged Rock Project, offer easier mining and early cash flow alternatives and would run parallel with Ragged Rock if proven to commercially exist at Kauring.

Assay results are currently awaiting testing at the laboratory with final results expected within one month.

For more information on the company visit [www.magres.com.au](http://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 George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy and Mr Cyril Geach BSc (Hons-Geology) who is a member of the Australian Institute of Geoscientists. George Sakalidis is a director of Magnetic Resources NL. George Sakalidis 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.

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 ( $\text{Fe}_3\text{O}_4$ ) 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.

All iron fines are recombined to form a suitable product for steel making. Magnetite can be combined with bentonite (a clay) and heated to produce pellets. The high quality pellets are used in blast furnaces or direct reduction furnaces to make steel and is a preferred product by steel makers as they greatly increase furnace efficiency, reducing costs and pollution. Magnetite pellets attract a higher price than hematite ores for this reason.

In summary, magnetite has not been commonly mined and processed in Australia but magnetite is a common source of iron for steel making. The mining and processing techniques are well known and have low technical risk. The final product is a high grade, clean, concentrate that attracts a premium price because of the high iron grade.

## **EXPLANATION AND NOTES:**

A 5 hole 446m RC drill program previously outlined in an ASX release 19 Dec 2013 confirms the presence of 2 main horizons of coarse grained magnetite BIF that correlate strongly with ground magnetics which are within the 2.2 km long Central Target. Total target strike of 3.8 km which includes the Northern, Central and Southern Targets. Central target only drilled to date. Refer to Table 1, Figure 2. Fresh coarse grained magnetite starts at approximately 50m vertical depth depicted by drill hole KRC4. Refer to Figure 3 for a cross section of drill hole KRC4.

Previously outlined in an ASX release 19 Dec 2013 exploration results recognized a western zone of about 40m actual width and an eastern zone of at least 50m in actual width which coincides with 200m airborne and 100m localized ground magnetic surveying. Fresh coarse grained magnetite starts at approximately 50m vertical depth depicted by drill hole KRC4. Refer to Figure 3 for a cross section of drill hole KRC4.

The Company is very encouraged by the fresh BIF encountered in KRC4 within the eastern zone exhibiting elevated Fe<sub>3</sub>O<sub>4</sub> Satmagan recoveries averaging 35% with a corresponding XRF Fe head grade averaging 32% over 55m of BIF separated by 5m of granite, down the hole with sampling carried out every metre. Significantly this zone ended in mineralization. Refer to Tables 1 and 2 and Annexure A for drill and assay detail.

Davis Tube Recovery (DTR) work is being conducted with four composite samples representing the fresh BIF intersected at KRC4 and results will be announced when received. It is expected that DTR recoveries will be higher than the current 35% average as Satmagan is a theoretical measure of pure magnetite.

### **Exploration Target Notes:**

- The Exploration Target is an estimate and the potential quantity and grade is conceptual in nature and there has been insufficient exploration to define a Mineral Resource and that it is uncertain if further exploration will result in the determination of a Mineral Resource.
- The Exploration Target is primarily estimated by geophysical interpretation, geological mapping and drilling. Drilling has outlined two main BIF zones weathered and fresh at depth outlined in an ASX release dated 19 Dec 2013. Refer to Table 1 Exploration Target Summary.
- An SG of 3.5 and a fresh BIF depth to 100m (150m total depth) and 150m (200m total depth) is used as parameters.
- The range of %Fe is related to one drill hole KRC4 which entered into fresh BIF and interpretation is therefore preliminary as this is only one drill hole and the %Fe may vary as further results become available. Assignment of a range between 32-34%Fe is based upon uncut (55m of single assay results- average of 32%Fe) and a 20% bottom cut off (50m of single assay results- average of 34%Fe). Refer to Table 3 assay results.
- Aeromagnetic data indicates an original 2200m strike for the Central Target which reduces to 1800m based on more detailed ground magnetic interpretation.
- It has been estimated that an Exploration Target for the drilled Central Target mapped eastern and western zones is about 31.0 – 37.0Mt at 32%Fe-34%Fe. The eastern BIF zone may be up to 30% wider based on mapped surface geology to the geophysics which would increase from 31.0Mt to 37Mt at 32%Fe-34%Fe over the drilled Central Target. To the immediate north and south of this Central Target, the magnetics is subdued yet perceptible and termed the Central Extension. It appears that an additional 800m of BIF strike is possible based on 100m spaced ground magnetics for the Central Extension and assumes only the eastern BIF and about 50m width exists. This would be at an increased depth to the fresh outcropping 1000m of mapped Central Target. The deeper north and south extensions of the Central Extension would provide a further 14Mt which make the grand total for the Central Target and Central Extension between 45Mt - 51Mt at 32%Fe-34%Fe.

- Additionally, 1600m of BIF strike is interpreted from the airborne magnetics covering the Northern and Southern Targets. Applying the same reduction factor from the Central area to the North Target and South Target areas then this would reduce from 1600m to 1300m of BIF strike. Assuming the same width and depth size factors of the BIF co-exist across these targets as for the mapped Central Target, it is estimated could add about 41Mt of pro rata targeted BIF to 100m fresh BIF down to 150m depth and 61Mt to 150m fresh BIF down to 200m depth for the North and South Targets separate to the Central Target.
- A global Exploration Target for the South, Central and North Targets is by inference, based on airborne and ground magnetics with mapped and drilled geology at the Central Target, about 95-101Mt at 32%Fe-34%Fe for 100m of fresh BIF down to 150m depth and 128-137Mt at 32%Fe-34%Fe for 150m of fresh BIF down to 200m depth. This is quite attractive because the distance between these targets is only 6.5km. Also the ground magnetics within the Central Target indicate a continuous zone for the eastern BIF zone and less continuous for the western BIF zone.
- At this stage permission to complete the ground magnetics for the Northern and Southern Targets is awaited.
- Further assay work is being conducted over the weathered BIF of the Central Target, to determine the DSO potential from composite samples and petrology assessment and will advise in due course results when available.

#### **Weathered BIF overlies Fresh BIF:**

- A 30m enriched Fe zone is delineated which lies on top of the fresh BIF. This zone appears to continue on the western and eastern BIF zones.
- The DSO potential of the enriched Fe zone is currently being evaluated by petrology (Dr Roger Townend & Associates) using 9 composite rock chip samples from four drill holes from the initial drilling. Once we have these results and if positive, ie; showing hematite alteration and whether the hematite particles are separate to the magnetite further evaluation would be required. If positive, the next phase of any DSO work would include a diamond drill hole which will be used to test DSO potential with grain size and metallurgical analysis which can only be done with diamond core.
- Further assay test work is being undertaken on the weathered BIF and down hole material and will be reported in due course.
- The weathered BIF horizons do not form part of the Exploration Target.

#### **Fresh BIF:**

- The assay results from drill hole KRC4 are provided in Table 3 and refer to assay results from composited samples of parts of the weathered horizon and single assays of fresh BIF. The fresh BIF confirms the magnetic anomaly and is interpreted as a coarse grained BIF rock that to date demonstrates to have excellent magnetite recovery (based on Satmagan) and Fe% in the one drill hole KRC4 tested to date.
- The incompatibles will be better determined from Davis Tube Recovery (DTR) test work in understanding if incompatible elements are liberated. Five composite samples of fresh BIF from KRC4 have been selected for DTR and further work as warranted. DTR work is in progress.

<b>JORC Code, 2012 Edition – Table 1 report template</b>	
<b>Section 1 Sampling Techniques and Data</b>	
(Criteria in this section apply to all succeeding sections)	<b>Magnetic Resources Kauring Report Release 19 December 2013 update with Magnetic Resources Kauring Report Release 19 February 2014</b>
Sampling techniques	Reverse Circulation Drilling collected at 1m interval and sub sample split through a cyclone rotary splitter
	Duplicates taken using a 75:25 riffle splitter at every 20m and standards introduced at every 30m
	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 Hydco 350 using a 140mm drill bit, pre-collar to 6m
Drill sample recovery	Visual observation and noted where water occurs - water was minimal and 99% of sample recovery water free
	Orbit Drilling ensures the efficiency is acceptable and audit of machine efficiency through Duplicates
	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
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. Assay results part reported in ASX release February 2014 (this release).
	Total length of intersections logged 446 metres as 100% of the drilling
Sub-sampling techniques and sample preparation	RC sampling at 1m interval is quantitative using Hand Held XRF and will become qualitative after assaying is carried out. Refer to part release of assay results in ASX release February 2014 (this release).
	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 5m to prevent cross contamination or cleansed more if clayey or damp conditions prevailed however minimal <10%
	Duplicate at every 20m to measure continuity of the drill rig and sample recovery
	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
	Quality control methods using 3 x Geostats CRM standards and duplicates. Duplicates to be tested at 2 laboratories for umpire testing. 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
	No twinned holes to date
	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
Location of data points	No surveys or verification of drill holes apart from GPS located
	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 are conceptual and not relevant at this juncture leading to a MR which may or may not be determined.
	Data spacing not appropriate for Mineral Resource use at present requires further drilling to ascertain a MR
	Sample compositing will be applied to parts of the drill column and at 1m spacing for duplicates, standards and zones of BIF of interest such as fresh BIF
Orientation of data in relation to geological structure	Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type undetermined at present.
	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	No sample audits at this stage
<b>Section 2 Reporting of Exploration Results</b>	
(Criteria listed in the preceding section also apply to this section.)	
Criteria	JORC Code explanation
Mineral tenement and land tenure status	E70/4508 granted 100% to Magnetic Resources no third party arrangement apart from standard Department of Mines and Energy requirement access agreements with farm owners, no Native Title or extricated land apart from the Avon Valley water catchment. Land ownership is private used as farm land. Future agreements will have to be entered into with farmers.
	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. Remnant bush may require a DEC survey in the future for flora and fauna.
Exploration done by other parties	No search for Fe by other parties known.
Geology	Outcropping Banded Iron Formation (BIF) comprising weathered BIF and fresher BIF at depth within a gneissic strati-form layered succession steeply dipping NE
Drill hole Information	Data summary forms part of an ASX release dated about 19 December 2013
	o easting and northing of the drill hole collar provided
	o elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar estimated not outlined
	o dip and azimuth of the hole provided
	o down hole length and interception depth provided
	o hole length provided
	azimuths are not submitted until further accurate data can be submitted but not critical at such an early stage of reporting of ER
Data aggregation methods	The use of Hand Held XRF data taken at 5-7m intervals is purely quantitative with expected errors of 5-10%Fe and Si / Al not reported until assay data is available and further reported

	Susceptibility readings taken at each 1m 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.
Relationship between mineralisation widths and intercept lengths	These relationships are particularly important in the reporting of Exploration Results as outlined in the ASX release dated about 19 December 2013 by MAU. Fresh BIF sampled at 1m intervals whilst weathered BIF sampled at various composite levels of several metres results not released on composites. Incompatible elements in head grade by XRF on fresh BIF to be further determined using Davis Tube Recovery to see if they are removed results pending. Further petrology work on weathered BIF being carried out, results pending.
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported and is outlined in Figure 3 interpretation.
	If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (e.g. 'down hole length, true width not known') stated in Figure 3.
Diagrams	Appropriate maps and sections (with scales) and tabulations of intercepts should be included are reported in Figure 3 and Tables 1, 2, 3.
Balanced reporting	Where comprehensive reporting of all Exploration Results is not practicable - tabulated in tables 1, 2, 3 and as detailed in Notes to the Exploration Target.
Other substantive exploration data	Little exploration data know about the physical - chemical nature of the reported logged drill intercepts at this point. Metallurgy will be an increasing determination but at present unknown.
Further work	Further work will require broader ground magnetic survey, infill ground magnetics, further drilling to improve the geological model being reported.
	Figure 2 outlines the three target areas reporting on the Central target and is subject to further access agreements over the north and south targets and future negotiations with farmers to determine a JORC MR.