

# **MAGNETIC RESOURCES NL**

(ABN 34 121 370 232)

## **NOTICE OF GENERAL MEETING**

incorporating Explanatory Notes and Proxy Form

to be held on

Wednesday 22 May 2013 at 11:00 WST

At

The Office of the Company,

Level 2, 16 Ord Street, West Perth

This is an important document and should be read in its entirety.  
If you are in doubt as to the course you should follow, consult your financial or other  
professional adviser.

**NOTICE IS HEREBY GIVEN** that a General Meeting (**Meeting**) of the Shareholders of Magnetic Resources NL (ABN 34 121 370 232) (**Magnetic** or the **Company**) will be held at Level 2, 16 Ord Street, West Perth on Wednesday 22 May 2013 at 11:00am WST.

The *Explanatory Statement* that accompanies and forms part of this Notice of Meeting (**Notice of Meeting**) describes in more detail the matters to be considered.

## **AGENDA**

### **BUSINESS:**

To consider and, if thought fit, to pass the following as ordinary resolutions:

#### **Resolution No. 1 – Ratification of the Issue of Securities on 20 March 2013 to the Industry Group:**

That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 5,714,286 fully paid ordinary shares at an issue price of \$0.07 (together with 2,857,143 free attaching options exercisable at \$0.1499 on or before 27 December 2016, and 1,200,000 free attaching partly paid shares) on 20 March 2013 to the investors comprising the Industry Group as per the announcement dated 6 March 2013 and on the basis set out in the Explanatory Statement accompanying this Notice of General Meeting, is ratified.

#### ***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolution 1 by any of the persons, or an associate of those persons, who participated in the issue of the shares the subject of Resolution 1. However, the Company need not disregard a vote if either the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

#### **Resolution No. 2 – Ratification of Share Placements on 20 March 2013:**

That for the purposes of ASX Listing Rule 7.4 and for all other purposes, the issue by the Company of 2,000,000 fully paid ordinary shares at an issue price of \$0.07 on 20 March 2013 to the investors and on the basis set out in the Explanatory Statement accompanying this Notice of General Meeting, is ratified.

#### ***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolution 2 by any of the persons, or an associate of those persons, who participated in the issue of the shares the subject of Resolution 2. However, the Company need not disregard a vote if either the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

#### **Resolution No. 3 – Approval for the Proposed Issue of Securities to the Industry Group:**

That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Board, in its discretion and subject to the passing of Resolution 4, may allot and issue 8,571,429 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement at a price which is the lower of \$0.10 per share and 70% of the average VWAP for the Company's quoted shares during the 20 trading days on which sales in the securities were recorded before the day on which the issue is to be made but with a minimum price of \$0.07 per share, together with 4,200,000 free attaching options exercisable at \$0.1499 on or before 27 December 2016, and 1,800,000 free attaching partly paid shares to entities being part of the Industry Group.

#### ***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolution 3 by a person, or an associate of that person, who may participate in the issue proposed by Resolution 3 or a person who might obtain a benefit if that resolution is passed, except a benefit derived solely in the capacity of a holder of ordinary securities. However, the Company need not disregard a vote if either the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution No. 4 – Approval for the participation of Mr Gavin Fletcher in the Proposed Issue of Securities to the Industry Group:**

That for the purposes of ASX Listing Rule 10.11 and for all other purposes, approval is given for the Company to allot and issue up to 4,285,714 fully paid ordinary shares in the capital of the Company together with pro rata up to 2,100,000 free attaching options exercisable at \$0.1499 on or before 27 December 2016, and 900,000 free attaching partly paid shares to Mr Gavin Fletcher (or nominee) as part of the Industry Group on the terms and conditions set out in the Explanatory Statement.

***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolution 4 by Mr Gavin Fletcher (and his nominee) and any associate. However, the Company need not disregard a vote if either the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution No. 5 – Approval for the Proposed Issue of Ordinary Fully Paid Shares:**

That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company approves the allotment and issue of up to 3,000,000 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement at a price which is the lower of \$0.10 per share and 70% of the average VWAP for the Company's quoted shares during the 20 trading days on which sales in the securities were recorded before the day on which the issue is to be made but with a minimum price of \$0.07 per share.

***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolution 5 by a person, or an associate of that person, who may participate in the issue proposed by Resolution 5 or a person who might obtain a benefit if that resolution is passed, except a benefit derived solely in the capacity of a holder of ordinary securities. However, the Company need not disregard a vote if either the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

**Resolution No. 6 – Approval for the Proposed Issue of Ordinary Fully Paid Shares:**

That for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Board is authorised, in its discretion, to allot and issue up to 20,000,000 fully paid ordinary shares in the capital of the Company on the terms and conditions set out in the Explanatory Statement at a price which is the higher of \$0.20 per share or a price that is at least 80% of the average market price for the Company's quoted shares, as calculated over the 5 trading days on which sales in the securities were recorded before the day on which the issue is to be made.

***Voting Exclusion Statement***

*The Company will disregard any votes cast on Resolution 6 by a person, or an associate of that person, who may participate in the issue proposed by that resolution and a person who might obtain a benefit if that resolution is passed except a benefit derived solely in the capacity of a holder of ordinary securities. However, the Company need not disregard a vote if either the vote is cast by a person as proxy for a person who is entitled to vote in accordance with the directions on the proxy form or the vote is cast by the person chairing the meeting as proxy for a person who is entitled to vote in accordance with a direction on the proxy form to vote as the proxy decides.*

**Explanatory Statement**

The accompanying Explanatory Statement forms part of this Notice of General Meeting and should be read in conjunction with it.

The Glossary in the Explanatory Statement contains definitions of terms the first letter of which is capitalised where used in this Notice of General Meeting and the Explanatory Statement.

**Proxies**

Please note that:

- (a) a Shareholder entitled to attend and vote at the General Meeting is entitled to appoint a proxy;

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- (b) a proxy need not be a member of the Company;
  - (c) a Shareholder may appoint a body corporate or an individual as its proxy;
  - (d) a body corporate whether as a Shareholder or as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise as a shareholder or as the Shareholder's proxy; and
  - (e) Shareholders entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed proxy form provides further details on appointing proxies and lodging proxy forms. If a Shareholder is a corporation, the body corporate may wish to appoint an individual as its representative and the body corporate should provide that person with a certificate or letter executed in accordance with the Corporations Act authorising him or her to act as that company's representative. The authority may be sent to the Company or its share registry in advance of the Extraordinary General Meeting or handed in at the General Meeting when registering as a corporate representative.

### **Voting Entitlements**

In accordance with Regulations 7.11.37 and 7.11.38 of the Corporations Regulations 2001, the Board has determined that a person's entitlement to vote at the Extraordinary General Meeting will be the entitlement of that person set out in the register of Shareholders as at 5pm (WST) on 20 May 2013. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the Extraordinary General Meeting.

### **Enquiries**

Shareholders may contact the Company Secretary, Ben Donovan, on (+61 8) 9226 1777 if they have any queries in respect of the matters set out in these documents.

By order of the Board

**BEN DONOVAN**

**COMPANY SECRETARY**

**DATED: 17 April 2013**

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## Introduction

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's General Meeting.

The purpose of this Explanatory Statement is to provide Shareholders with all information known to the Company which is material to a decision on how to vote on the resolutions in the accompanying Notice of General Meeting.

This Explanatory Statement should be read in conjunction with the Notice of General Meeting. Terms where the first letter of which are consistently capitalised in this Explanatory Statement are defined in the Glossary.

### 1. Ratification of the placement of Securities on 20 March 2013 (Resolutions 1 and 2)

#### Background

As announced on 6 March 2013, the Company entered into a Share Subscription Agreement (**Agreement**) with a group (**Industry Group**) of iron ore project experienced personnel with significant skills in the identification and definition of iron ore deposits, the conducting of metallurgical testwork and commissioning of iron ore operations.

Under the Agreement, the Industry Group:

- subscribed \$400,000 on 13 March 2013;
- will, subject to the results of drilling during the two months from 13 March 2013 being to the satisfaction of the Industry Group, subscribe a further 3 subscriptions each of \$200,000 on 13 May 2013, 13 June 2013 and 13 July 2013.

The first subscription of \$400,000 was at the price of \$0.07 per share.

The issue price for each subsequent subscription shall be the higher of (i) \$0.07 and (ii) the lower of either:

- \$0.10 per share; or
- 70% of the VWAP during the 20 trading days before the subscription date.

Upon subscription of the initial \$400,000, the Company also issued 2,857,143 free attaching options exercisable at A\$0.1499 on or before 27 December 2016 (being of the same class as those already on issue) (**Options**) and 1,200,000 free attaching partly paid shares partly paid shares (being of the same class as those already on issue - ASX:MAUCA) (**Partly Paid Shares**).

A further 1,400,000 Options and 600,000 Partly Paid Shares will be issued with each subsequent subscription of \$200,000.

The Agreement also provides that the Company is to standstill on any additional capital raisings during the term of the Agreement without leave, with the exception of a right to place to existing Magnetic shareholders, that number of securities as is equal to 35% of each subscription.

On 20 March 2013, the Industry Group subscribed the initial tranche 1 of \$400,000, with a further \$140,000 subscribed by existing shareholders.

#### ASX Listing Rule Requirements

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

In addition, ASX Listing Rule 7.1A provides that the Company can place a further 10% of its issued Capital where it has prior approval from shareholders.

The issue of securities outlined in Resolution 1 was effected under the Company's 15% capacity.

The issue of Shares outlined in Resolution 2 was effected under the Company's 10% capacity.

ASX Listing Rule 7.4 provides that, where a company in general meeting ratifies an issue of equity securities, the issue will be treated as having been made with approval for the purpose of ASX Listing Rule 7.4, thereby

enabling the company to issue further equity securities without exceeding the 15% in 12 months limitation.

Shareholder approval is sought under ASX Listing Rule 7.4 so as to refresh the Company's 15% equity security placement limit pursuant to ASX Listing Rule 7.1.

The information required by ASX Listing Rule 7.5 to be provided to shareholders is contained within this Explanatory Statement and the Notice of General Meeting.

Resolutions 1 and 2 of the Notice of General Meeting propose the ratification for the issue of 7,714,286 Shares together with 2,857,143 Options and 1,200,000 Partly Paid Shares as announced on 13 March 2013, thereby satisfying the requirements of ASX Listing Rule 7.4.

In compliance with the information requirements of ASX Listing Rule 7.5, members are advised of the following particulars in relation to the placements.

- (a) Number of securities issued: 7,714,286 Shares, 2,857,143 Options  
and 1,200,000 Partly Paid Shares
- (b) Price at which the securities were issued: \$0.07 cents per Share, with nil cost for the Options and  
Partly Paid Shares
- (c) The Securities rank equally in all respects with the existing fully paid ordinary shares, Options and Partly  
Paid Shares on issue.
- (d) The shares were issued to selected professional and/or sophisticated investors (within the meaning ascribed  
to those expressions in section 708 of the Corporations Act 2001) comprising the Industry Group as well as  
some existing shareholders.
- (e) It is noted that 1,428,571 Shares, 714,286 Options and 300,000 Partly Paid Shares under Resolution 1 were  
issued to Mr Gavin Fletcher who became a director following the placement of these Securities. The  
Company relied on the exception in ASX Listing Rule 10.13 and under Section 210 and Section 228(6) of  
the Corporations Act 2001 in that Mr Fletcher only became a related party as a result of the Agreement and  
that the securities were issued on arms length commercial terms.
- (f) The intended use of the funds raised will be directed towards financing exploration of the Company's iron  
ore prospects at its Ragged Rock project in WA.

The Board recommends that Shareholders vote in favour of Resolutions 1 and 2.

## **2. Proposed Issue of Securities to the Industry Group (Resolution 3)**

### **ASX Listing Rule Requirements**

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of shares outlined in Resolution 3 will exceed the 15% limit and therefore approval is required.

As outlined in the Background above, this resolution deals with the further three potential subscriptions under the Agreement to the Industry Group.

In compliance with the information requirements of ASX Listing Rule 7.3, members are advised of the following particulars in relation to these proposed subscriptions.

- (a) The maximum number of securities the Company may issue is 8,571,429 ordinary fully paid shares, 4,200,000 Options and 1,800,000 Partly Paid Shares and includes the securities to Mr Gavin Fletcher outlined in resolution 4 below. The securities to be issued to Mr Fletcher will only occur upon Resolution 4 being approved and if that resolution is not passed then no further tranches of securities will be issued under the Agreement.
- (b) The Company will issue and allot the securities progressively in 3 equal tranches, in whole only and the last will be completed by no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver.

- (c) Under the terms of the Agreement, the shares will be issued at the higher of (i) \$0.07 and (ii) the lower of \$0.10 per share or 70% of the average VWAP for the Company's quoted shares during the 20 trading days on which sales in the securities were recorded before the relevant subscription date (the effect is that the minimum price will be \$0.07 and the maximum price will be \$0.10).
- (d) The shares will be issued to investors who are part of the Industry Group.
- (e) No shares are to be issued to unrelated parties of the Company in reliance upon this resolution alone but rather the issue of securities (comprising part of the total number referred to in this resolution) to Mr Fletcher shall be effected in reliance upon Resolution 4.
- (f) The Securities (each as the case may be) rank equally in all respects with the existing fully paid ordinary shares, Options and Partly Paid Shares on issue.
- (g) The intended use of the funds raised is to finance exploration of the Company's iron ore prospects at its Ragged Rock project in WA and add to general working capital.

**3. Approval for the participation of Mr Gavin Fletcher in the Proposed Issue of Securities to the Industry Group (Resolution 4)**

As detailed above, Mr Fletcher is a member of the Industry Group. At the time of subscribing for shares under tranches 2, 3 and 4 as outlined in the background to Resolution 1, Mr Fletcher will be a related party of the Company by virtue of being a director of the Company.

Under the terms of the Agreement, Mr Fletcher is due to subscribe for up to 2,142,857 Shares together with 1,050,000 free attaching Options and 450,000 Partly Paid Shares under tranches 2,3 and 4 by subscribing a further \$150,000.

In the event that other members of the Industry Group fail to subscribe to their portion of Shares under tranche 2, 3 and 4, Mr Fletcher and Mr John Blanning must each subscribe for half the shortfall, resulting in Mr Fletcher potentially having to subscribe for up to 4,285,714 Shares together with (proportionately) up to 2,100,000 Options free attaching and 900,000 Partly Paid Shares.

This resolution 4 seeks shareholder approval to allocate to Mr Fletcher the maximum amount in the event that all the members of the Industry Group (other than Messrs Fletcher and Blanning) fail to subscribe to their portion of tranches 2, 3 and 4.

**Section 2E of the Corporations Act**

For a public company to give a financial benefit to a related party, the company must:

- a. obtain the prior approval of the company's members in the manner set out in sections 217 to 227 of the Corporations Act; and
- b. give the benefit within 15 month following such approval,

unless the giving of the financial benefit falls within an exception set out in sections 210 to 216 of the Corporations Act.

Mr Fletcher is a director of the Company and accordingly he is a related party to whom financial benefits will be conferred under the Agreement including by way of the issue of securities to him under tranches 2, 3 and 4 which will result in the issue of not less than 2,142,857 Shares, 1,050,000 Options and 450,000 Partly Paid Shares and up to 4,285,714 Shares, 2,100,000 Options and 900,000 Partly Paid Shares in the event that none of the investors forming part of the Industry Group (other than Mr Blanning) take up their entitlement and Mr Fletcher must subscribe for half the shortfall thereby created.

The Directors (including Mr Fletcher) consider that Shareholder approval pursuant to Chapter 2E of the Corporations Act 2001 is not required in respect of the Share, Options and Partly Paid Shares because the issue will be on the same terms as the issue to non-related parties under the Agreement and, as such, the giving of the financial benefit is on arm's length terms (Section 210).

### **ASX Listing Rule 10.11**

ASX Listing Rule 10.11 also requires shareholder's approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party in, in ASX's opinion, such that approval should be obtained unless an exception in ASX Listing Rule 10.12 applies.

As the Placement involves the issue of Shares, Options and Partly Paid Shares to a related party of the Company, Shareholder approval pursuant to ASX Listing Rule 10.11 is required unless an exception applies. It is the view of the Directors that one of the exceptions set out in ASX Listing Rule 10.12 (namely exception 6) does apply in the current circumstances however the ASX considers that Mr Fletcher will (or should be deemed to) have control over the further participation in tranches 2-4 by the Industry Group and, accordingly, ASX requires approval to be obtained in a manner that meets the requirements of ASX Listing Rule 10.11 insofar as the securities contemplated by Resolution 3 are to be issued to Mr Fletcher.

As required by the ASX, the following information is provided in relation to the Participation by Mr Fletcher.

- a) The Shares, Options and Partly Paid Shares will be allocated and issue to the Related Parties (or their nominees);
- b) The maximum number issued to Mr Fletcher will be 4,285,714 Shares, together with 2,100,000 free attaching Options and 900,000 Partly Paid Shares;
- c) The Shares, Options and Partly Paid Shares will be issued no later than 1 month after the date of the Meeting (or such later date to the extent permitted by any ASX waiver of modification of the ASX Listing Rules) and it is intended that allotment will occur on the same date. The Company intends to apply for a waiver to allow Mr Fletcher to subscribe for tranches 2, 3 and 4 in accordance with the timing outlined in the background to Resolution 1. In the event that such a waiver is not granted, Mr Fletcher will subscribe for tranches 2,3 and 4 within 1 month of the approval of Resolution 4 provided that the Investment Group elects to make the second subscription;
- d) The issue price of the Shares will be issued at the higher of (i) \$0.07 and (ii) the lower of \$0.10 per share or 70% of the average VWAP for the Company's quoted shares during the 20 trading days on which sales in the securities were recorded before the relevant subscription date (the effect is that the minimum price will be \$0.07 and the maximum price will be \$0.10). The Options and the Partly Paid Shares will be issued for nil additional consideration;
- e) The Shares, Options and Partly Paid Shares will be on the same terms as those already on issue;
- f) The intended use of the funds raised is to finance exploration of the Company's iron ore prospects at its Ragged Rock project in WA and add to general working capital.

As to the general requirement of Chapter 2E of the Corporations Act that a financial benefit must only be provided to a related party with prior approval of members, the board (as it was constituted at the time the Agreement was entered) considered (and still does) that member approval for that purpose was/is not needed as one of the exceptions (a benefit may be provided without approval where it is on terms that would be reasonable in the circumstances if the company and the related party were dealing at arms length) to that general requirement applies.

The Board (Mr Fletcher aside who declines to make a recommendation given his material personal interest) recommends that Shareholders vote in favour of Resolution 4.

#### **4. Proposed Issue of Ordinary Fully Paid Shares (Resolution 5)**

##### **ASX Listing Rule Requirements**

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company



during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

Absent the passing of one or more of resolutions 1-4 and 6, the issue and allotment of shares outlined in Resolution 5 will exceed the 15% limit and therefore requires such approval; approval is sought in any event.

As outlined in the Background above, this resolution deals with the possible issue of shares to existing shareholders at the same time as and equating to 35% of the shares issued to the Industry Group as further subscriptions under the Agreement.

In compliance with the information requirements of ASX Listing Rule 7.3, members are advised of the following particulars in relation to the proposed placement.

- (a) The maximum number of Shares the Company may issue is 3,000,000 ordinary fully paid shares;
- (b) The Company will issue and allot the shares progressively in 3 equal tranches and will be completed by no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver;
- (c) Under the terms of the Agreement, the shares will be issued at the higher of (i) \$0.07 and (ii) the lower of \$0.10 per share or a price that is at least 70% of the average VWAP for the Company's quoted shares during the 20 trading days on which sales in the securities were recorded before the relevant subscription date (the effect is that the minimum price will be \$0.07 and the maximum price will be \$0.10);
- (d) The shares are proposed to be issued to existing shareholders who fall within the ambit of one of the definitions contained in section 708 of the Corporations Act 2001 (sophisticated or professional investors).
- (e) No shares are to be issued to any related party of the Company.
- (f) The Securities (each as the case may be) rank equally in all respects with the existing fully paid ordinary shares on issue.
- (g) The intended use of the funds raised is to finance exploration of the Company's iron ore prospects at its Ragged Rock project in WA and add to general working capital.

The Board recommends that Shareholders vote in favour of Resolution 5.

## **5. Proposed Issue of Ordinary Fully Paid Shares (Resolution 6)**

### **ASX Listing Rule Requirements**

ASX Listing Rule 7.1 relevantly provides that the prior approval of the shareholders of the Company is required to an issue of equity securities if the securities will, when aggregated with the securities issued by the Company during the previous 12 months, exceed 15% of the number of securities on issue at the commencement of that 12 month period.

The issue and allotment of shares outlined in Resolution 6 will exceed the 15% limit and therefore requires such approval.

The Company is looking to undertake additional drilling on its various iron ore projects with a focus being on the Ragged Rock project, and therefore needs to raise additional capital. Whilst the board will look at other options to raise capital such as a rights issue to all shareholders, it seeks the flexibility to raise capital.

In compliance with the information requirements of ASX Listing Rule 7.3, members are advised of the following particulars in relation to the proposed placement.

- (a) The maximum number of Shares the Company may issue is 20,000,000 ordinary fully paid shares.
- (b) The Company will issue and allot the shares either immediately or progressively, in whole or in part (if at all) and will be completed by no later than 3 months after the date of the Meeting, unless otherwise extended by way of ASX granting a waiver.
- (c) The shares will be issued at a minimum issue price that is the higher of \$0.20 per share or a price that is at least 80% of the average market price for the Company's quoted shares, as calculated over the 5 trading days on which sales in the securities were recorded before the day on which the issue is to be made.
- (h) The shares are proposed to be issued to professional and/or sophisticated investors within the meaning of

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section 708 of the Corporations Act 2001.

- (i) No shares are to be issued to any related party of the Company.
- (e) The Securities will rank equally in all respects with the existing fully paid ordinary shares on issue.
- (f) The intended use of the funds raised will be directed towards financing exploration of the Company's iron ore prospects and to supplement general working capital.

The Board recommends that Shareholders vote in favour of Resolution 6.

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## Glossary

In this Explanatory Statement, the following terms have the following meaning unless the context otherwise requires:

<b>General Meeting</b>	means the meeting convened by the Notice of General Meeting.
<b>ASX</b>	ASX Limited (ACN 008 624 691).
<b>Board</b>	Board of Directors.
<b>Constitution</b>	Constitution of the Company.
<b>Company or Magnetic Corporations Act</b>	Magnetic Resources NL (ABN 34 131 370 232) Corporations Act 2001 (Cth).
<b>Director</b>	Director of the Company.
<b>Explanatory Statement</b>	the Explanatory Statement accompanying the Notice of General Meeting.
<b>Industry Group</b>	means a Group of experienced iron ore personnel as outlined in the announcement dated 6 March 2013.
<b>Listing Rules or ASX Listing Rules</b>	the listing rules of ASX.
<b>Meeting</b>	means this General Meeting.
<b>Notice of General Meeting</b>	the Notice of General Meeting accompanying the Explanatory Statement.
<b>Options</b>	means an option exercisable at \$0.1499 on or before 27 December 2016
<b>Partly Paid Share</b>	means a partly paid share to \$0.20 trading as MAUCA
<b>Share(s)</b>	ordinary fully paid shares in the capital of the Company.
<b>Shareholder</b>	a holder of a Share.
<b>WST</b>	Western Standard Time as observed in Perth, Western Australia.

# PROXY FORM

THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCK BROKER OR LICENSED PROFESSIONAL ADVISOR.

## MAGNETIC RESOURCES NL

**REGISTERED OFFICE:**  
MAGNETIC RESOURCES NL  
Level 2  
16 Ord Street  
WEST PERTH WA 6005

ACN:121 370 232

**SHARE REGISTRY:**  
Security Transfer Registrars Pty Ltd  
**All Correspondence to:**  
**PO BOX 535,**  
**APPLECROSS WA 6953 AUSTRALIA**  
770 Canning Highway,  
APPLECROSS WA 6153 AUSTRALIA  
T: +61 8 9315 2333 F: +61 8 9315 2233  
E: registrar@securitytransfer.com.au  
W: www.securitytransfer.com.au

Code: MAU

Holder Number:

### SECTION A: Appointment of Proxy

I/We, the above named, being registered holders of the Company and entitled to attend and vote hereby appoint:

☐

OR

**The meeting Chairperson**  
**(mark with an "X")**

**The name of the person you are appointing**  
**(if this person is someone other than the Chairperson of the meeting).**

or failing the person named, or if no person is named, the Chairperson of the Meeting, as my/our Proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, as the Proxy sees fit) at the General Meeting of the Company to be held at 11:00am WST on Wednesday, 22 May 2013 at The Office of the Company, Level 2, 16 Ord Street, West Perth and at any adjournment of that meeting.

### SECTION B: Voting Directions to your Proxy

Please mark "X" in the box to indicate your voting directions to your Proxy.

#### Resolution

**For Against Abstain\***

1. Ratification of the Issue of Securities on 20 March 2013 to the Industry Group

☐

2. Ratification of Share Placements on 20 March 2013

☐

3. Approval for the Proposed Issue of Securities to the Industry Group

☐

4. Approval for the participation of Mr Gavin Fletcher in the Proposed Issue of Securities to the Industry Group

☐

5. Approval for the Proposed Issue of Ordinary Fully Paid Shares

☐

6. Approval for the Proposed Issue of Ordinary Fully Paid Shares

☐

**If no directions are given my proxy may vote as the proxy thinks fit or may abstain.**

\* If you mark the Abstain box for a particular item, you are directing your Proxy not to vote on your behalf on a show of hands or on a poll and your votes will not be counted in computing the required majority on a poll.

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**If you wish to appoint the Chairperson as your proxy and you do not wish to direct the Chairperson how to vote, please mark "X" in the box.**

By marking this box, you acknowledge that the Chairperson may exercise your proxy even if he has an interest in the outcome of the resolution and votes cast by him/her other than as a proxy holder will be disregarded because of that interest. If you do not mark this box, and you have not directed your proxy how to vote, the Chair will not cast your votes on the resolution and your votes will not be counted in calculating the required majority if a poll is called on the resolution. The Chairperson of the Meeting intends to vote undirected proxies in favour of the resolution.

### SECTION C: Please Sign Below

**This section must be signed in accordance with the instructions overleaf to enable your directions to be implemented.**

Individual or Security Holder

Security Holder 2

Security Holder 3




Sole Director and Sole Company Secretary

Director

Director / Company Secretary

**8810492732**

Reference Number:

NAME \_\_\_\_\_

[illegible]
$$\left( \begin{array}{|c|} \hline \phantom{0} \\ \hline \end{array} \right) \begin{array}{|c|} \hline \phantom{0} \\ \hline \end{array}$$

### 1. Name and Address

## 2. Appointment of a Proxy

If the person you wish to appoint as your Proxy is someone other than the Chairperson of the Meeting please write the name of that person in Section A. If you leave this section blank, or your named Proxy does not attend the meeting, the Chairperson of the Meeting will be your Proxy. A Proxy need not be a Shareholder of MAGNETIC RESOURCES NL.

To direct the Proxy how to vote place an "X" in the appropriate box against each item in Section B. Where more than one Proxy is to be appointed and the proxies are to vote differently, then two separate forms must be used to indicate voting intentions.

You are entitled to appoint up to two (2) persons as proxies to attend the meeting and vote on a poll. If you wish to appoint a second Proxy, an additional Proxy form may be obtained by telephoning the Company's share registry +61 8 9315 2333 or you may photocopy this form.

To appoint a second Proxy you must:

- (a) On each of the Proxy forms, state the percentage of your voting rights or number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each Proxy may exercise, each Proxy may exercise half of your votes; and
- (b) Return both forms in the same envelope.

Individual: where the holding is in one name, the Shareholder must sign.

**Joint Holding:** where the holding is in more than one name, all of the Shareholders must sign.

**Power of Attorney:** to sign under Power of Attorney you must have already lodged this document with the Company's share registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director may sign alone. Otherwise this form must be signed by a Director jointly with either another Director or Company Secretary. Please indicate the office held in the appropriate place.

If a representative of the corporation is to attend the meeting the appropriate "Certificate of Appointment of Corporate Representative" should be lodged with the Company before the meeting or at the registration desk on the day of the meeting. A form of the certificate may be obtained from the Company's share registry.

Proxy forms (and any Power of Attorney under which it is signed) must be received by Security Transfer Registrars Pty Ltd no later than 11:00am WST on Monday, 20 May 2013 being 48 hours before the time for holding the meeting. Any Proxy form received after that time will not be valid for the scheduled meeting.

**Security Transfer Registrars Pty Ltd**  
**PO BOX 535**  
**Applecross, Western Australia 6953**

**Street Address:**  
**Alexandrea House, Suite 1**  
**770 Canning Highway**  
**Applecross, Western Australia 6153**

**Telephone** +61 8 9315 2333

**Facsimile** +61 8 9315 2233

**Email** registrar@securitytransfer.com.au

Personal information is collected on this form by Security Transfer Registrars Pty Ltd as the registrar for securities issuers for the purpose of maintaining registers of securityholders, facilitating distribution payments and other corporate actions and communications. Your personal details may be disclosed to related bodies corporate, to external service providers such as mail and print providers, or as otherwise required or permitted by law. If you would like details of your personal information held by Security Transfer Registrars Pty Ltd or you would like to correct information that is inaccurate please contact them on the address on this form.