



magnetic resources^{NL}

March 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	100,436,814
Options and contributing shares on issue	37,326,005
Fully diluted shares on issue	137,762,819
Current share price	\$0.05
Market capitalisation	\$5.0m

Experienced Board	Position Held
George Sakalidis	Executive Director
Eric Lim	Non-Executive Chairman
Julien Sanderson	Non-Executive Director
Ben Donovan	Company Secretary

- ❑ Magnetic Resources offer a very unique investment opportunity.
- ❑ 3 new gold projects within 20km of the 7moz Wallaby deposit within the Laverton field WA.
- ❑ 2 key projects with coarse grained premium quality magnetite located close to the rail and port infrastructure.

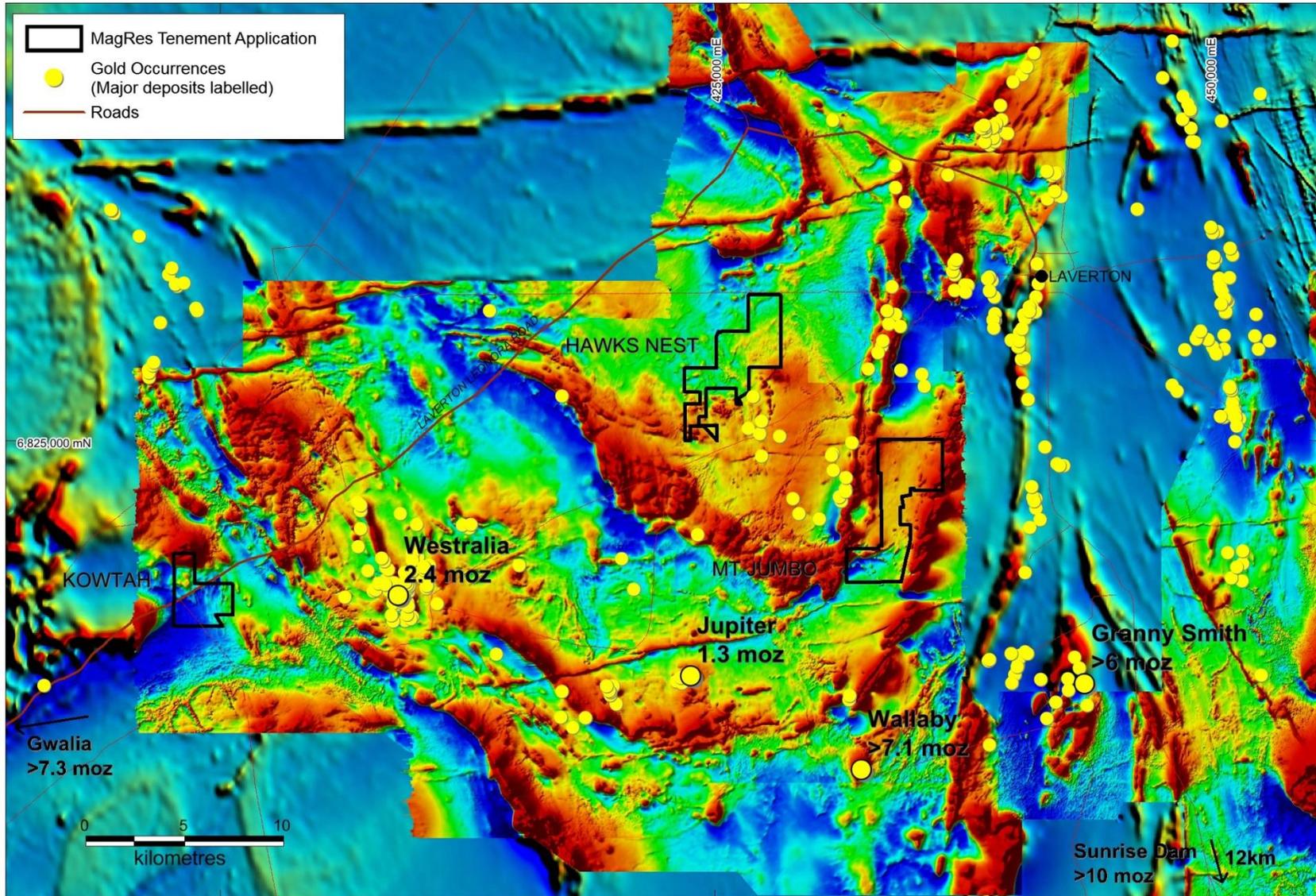
Leonora-Laverton Gold Projects Background

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 3 areas 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.
- 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 and 20km north of the Wallaby deposit respectively.

Leonora-Laverton Gold Project Locations

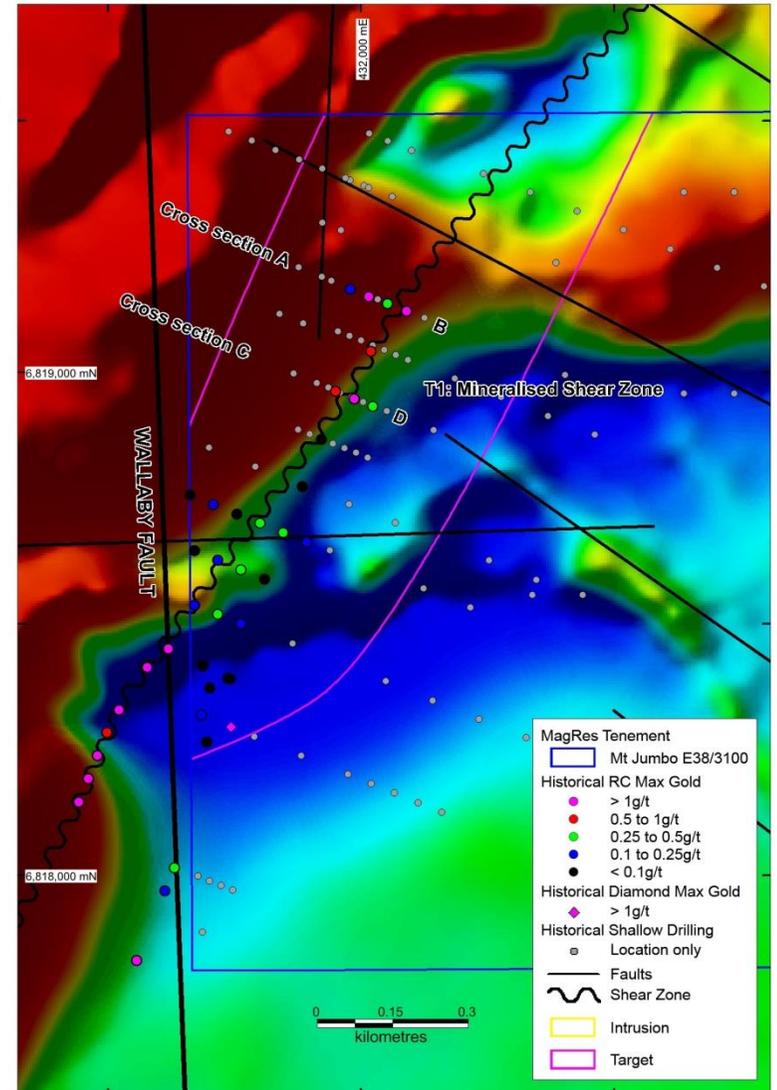
Over 30moz mined in the region, and published resources second only to Kalgoorlie



Leonora-Laverton Gold Project – Mt Jumbo

1 km Gold Target 15 km North of Wallaby(>7Moz)

- ❑ 1km-long NNE shear target zone (T1) from 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.
- ❑ Elevated gold grades up to 6m @ 1.9g/t from 108m including 2m @ 4.6g/t from 110m in hole AXC064 (see Slide 6) within the SW part of the Mt Jumbo tenement E38/3100 17 sq.km.



Leonora-Laverton Gold Project – Mt Jumbo

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 100m vertical depth with better intersections below the saprolite clay layers often associated with ironstone and quartz veins on the contact between ultramafics and mafic rocks.



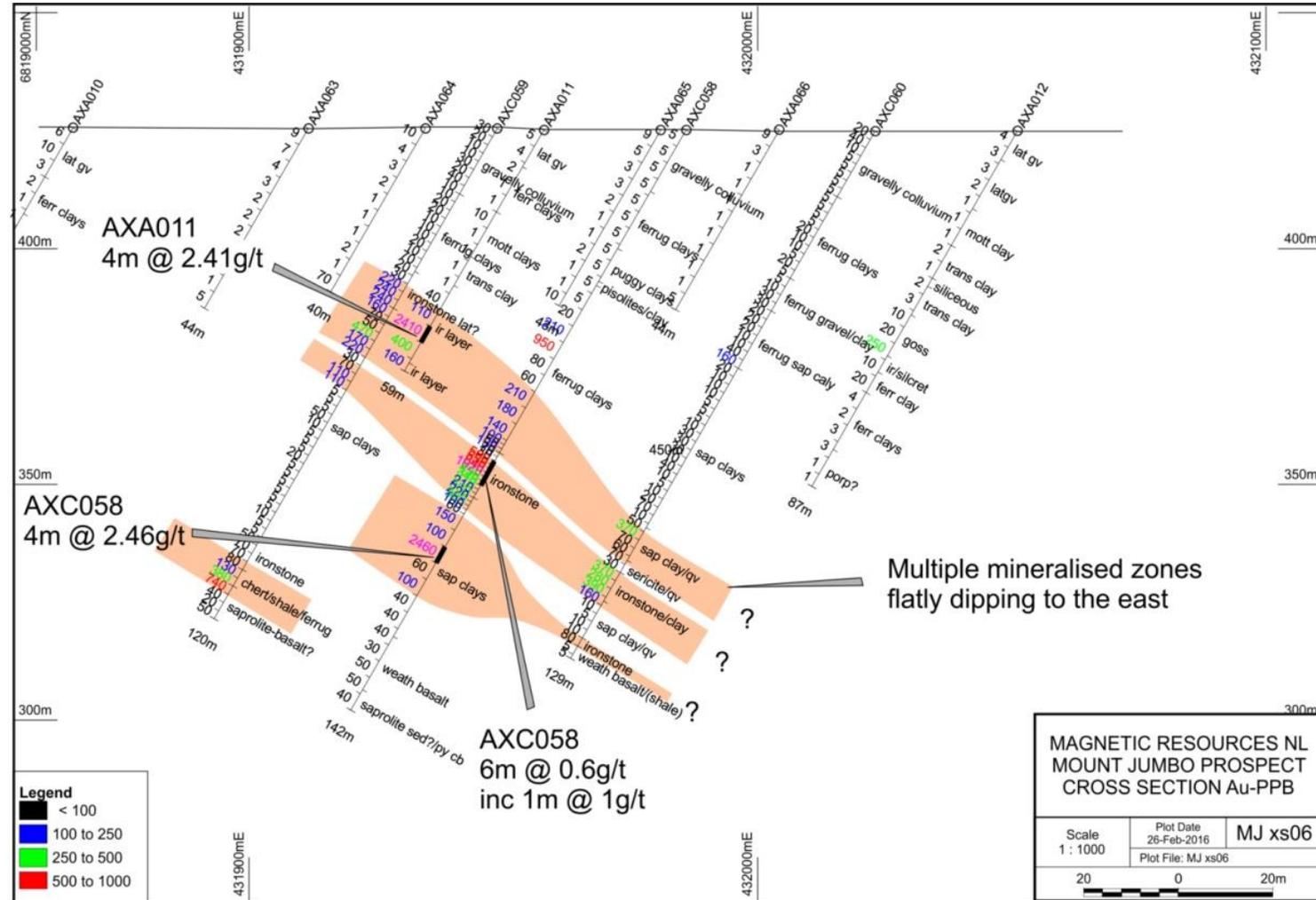
Historical drilling cross section AB

Leonora-Laverton Gold Project – Mt Jumbo

Significantly, the mineralisation 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.



Historical drilling cross section CD

Leonora-Laverton Gold Project – Wallaby NS Section

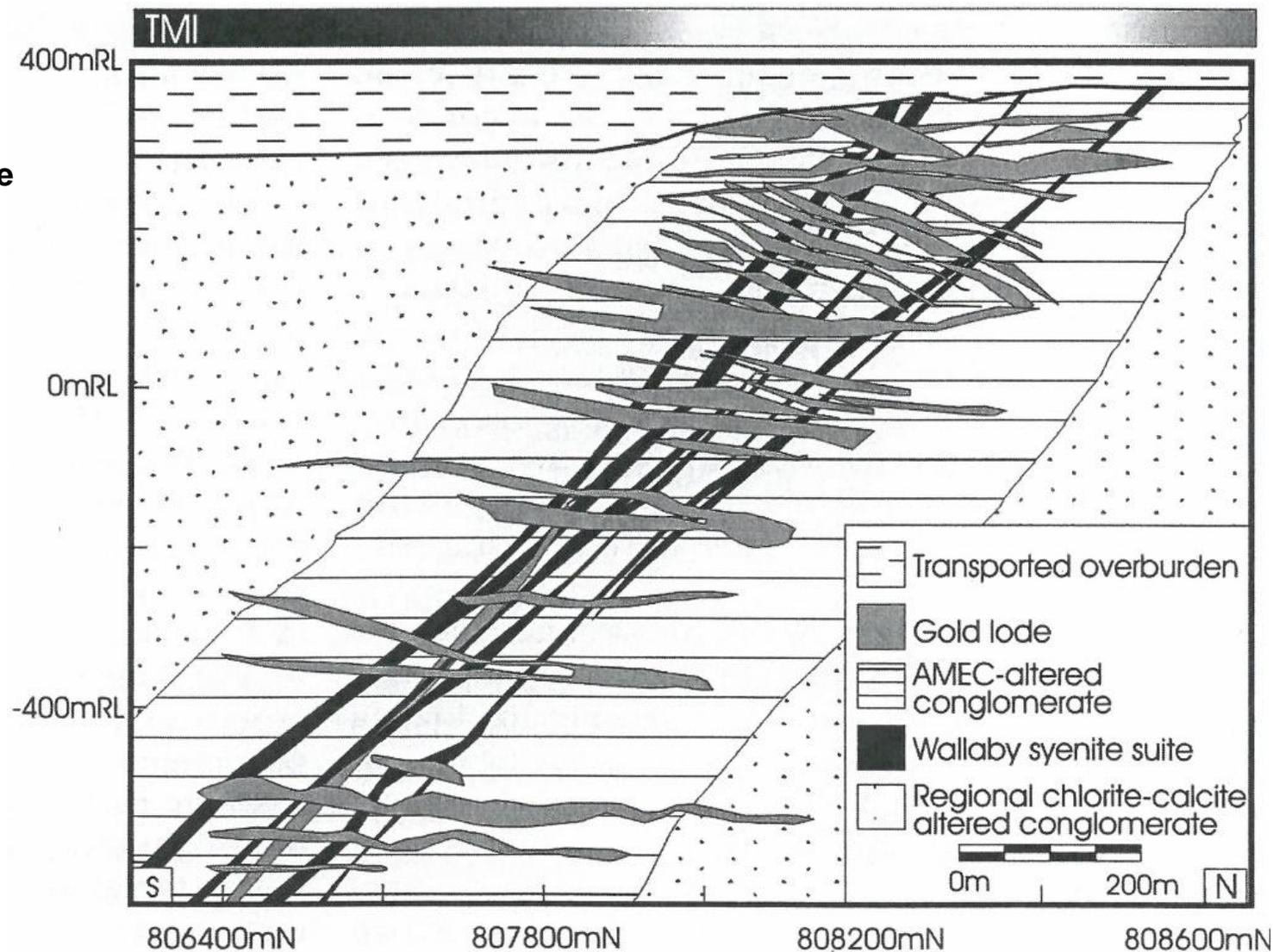
Similar characteristics to the Wallaby deposit:

Magnetite rich pipe

Syenite intrusions

Multiple Horizontal Lodes

Major Faults in vicinity



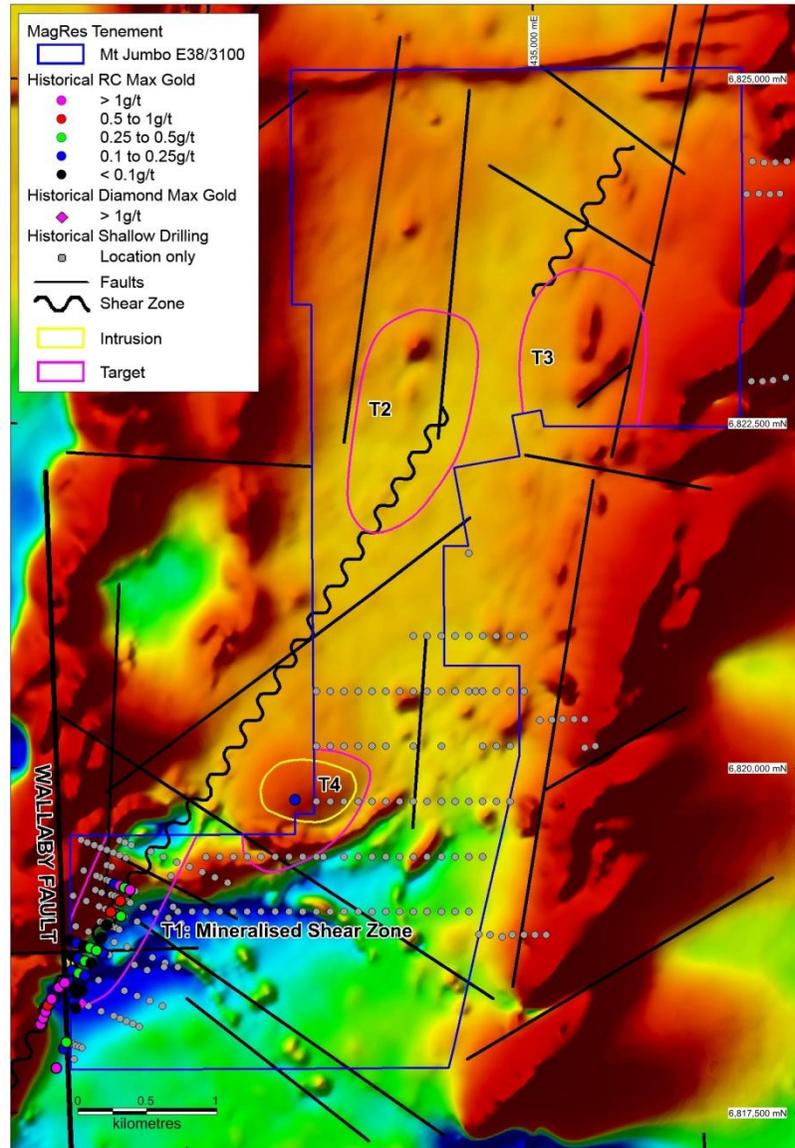
Leonora-Laverton Gold Project – Mt Jumbo

This 1km shear zone (target T1) is interpreted to extend into the northern parts of Mt Jumbo and forms a splay off the main NS fault that is adjacent to Wallaby(>7moz)

The intersection of this shear with an interpreted N-S fault at target T2 is considered to be a priority area.

Target T3 shows similar characteristics to T2.

Target T4 is unusual and is interpreted to be intrusion related similar to a number of deposits in the Laverton area including Wallaby(>7moz).



Leonora-Laverton Gold Project – Mt Jumbo

Gold intersections greater than 1 g/t from historical drilling at T1

Hole_Id	Hole_Type	MGA_E	MGA_N	From	To	Width	Au
		metres	metres	metres	metres	metres	ppm
AXA011	RAB	431958	6818960	48	52	4	2.41
AXC058	RC	431986	6818949	84	85	1	1.02
AXC058				102	106	4	2.46
AXC062	RC	432015	6819152	80	82	2	1.45
AXC064	RC	432089	6819123	110	112	2	4.56
AXD004	DIA	431743	6818295	263.5	264.5	1	2.33
AXD004				308.5	310	1.5	1.82

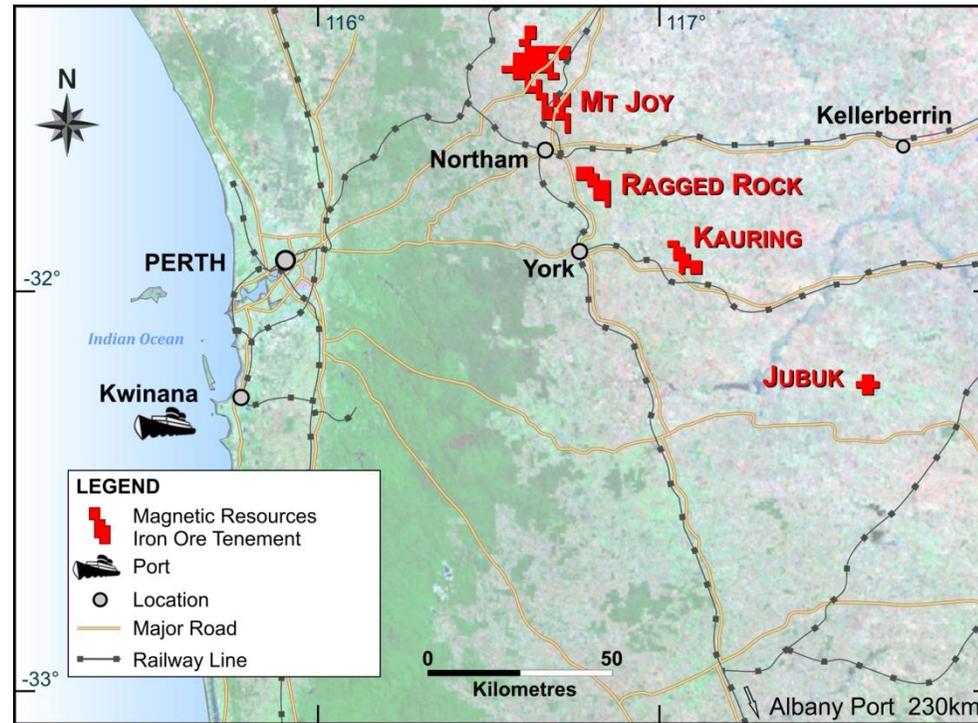
Magnetic Resources still maintains an interest in potentially economic iron ore deposits

Deposits are being held awaiting an upturn in commodity prices

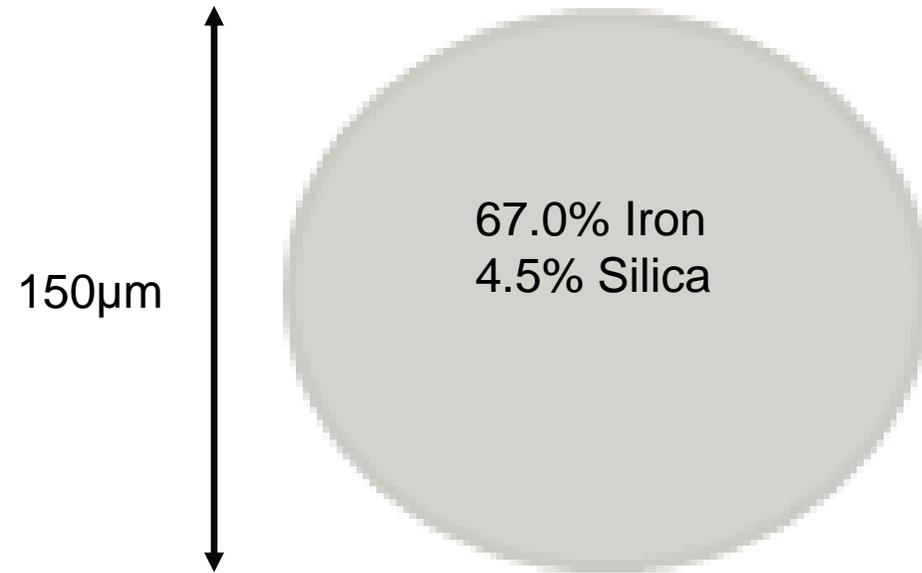


- ❑ High quality, coarse grained nature
- ❑ DR quality produced at 75 micron (70% Fe). World class pellet feed at substantially coarser grind than competitors.
- ❑ High quality Sinter Feed at 150 micron (66% Fe). Competes with much lower quality DSO products (~58%Fe)
- ❑ Very low impurities (Silica,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

LOCATION - Close to Infrastructure

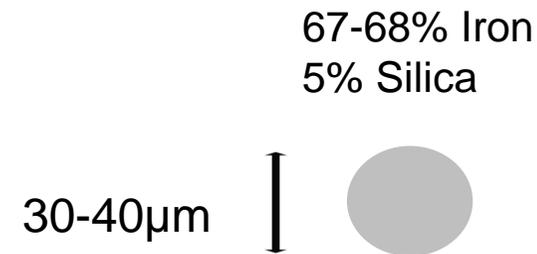


- ❑ Magnetic Resources had “first mover” advantage in the area
- ❑ Several key projects representing >50km of coarse grained premium quality magnetite targets.
- ❑ Current focus are Kauring and Ragged Rock
- ❑ All within 10km of Government owned, open access railways.



Magnetic Resources

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

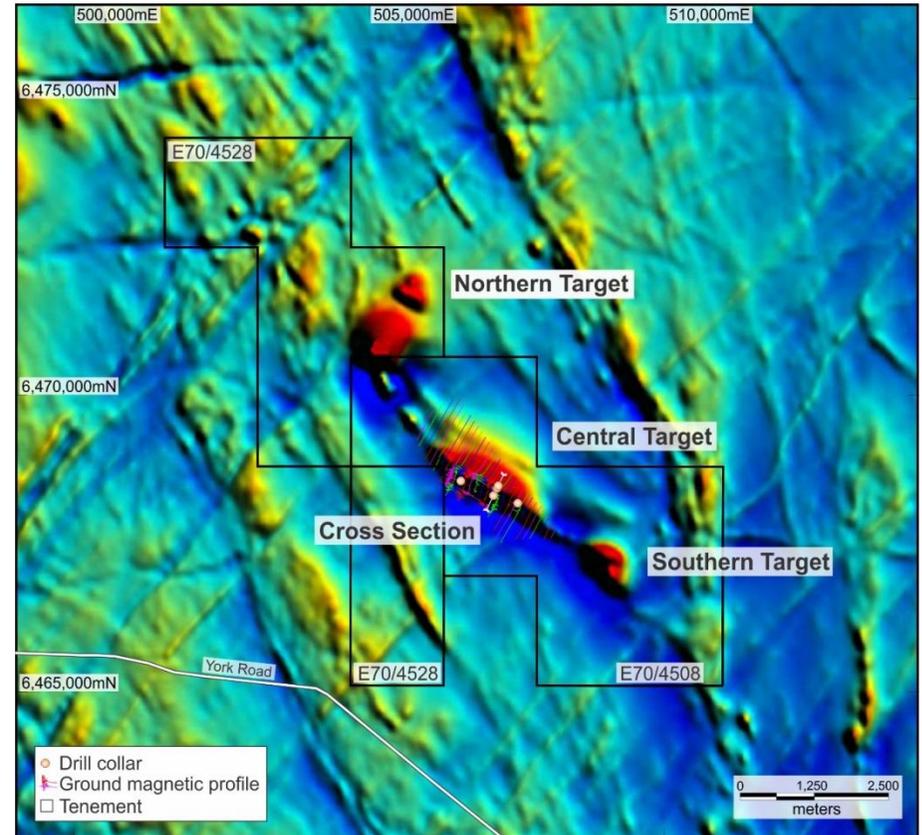


Other Magnetite Projects

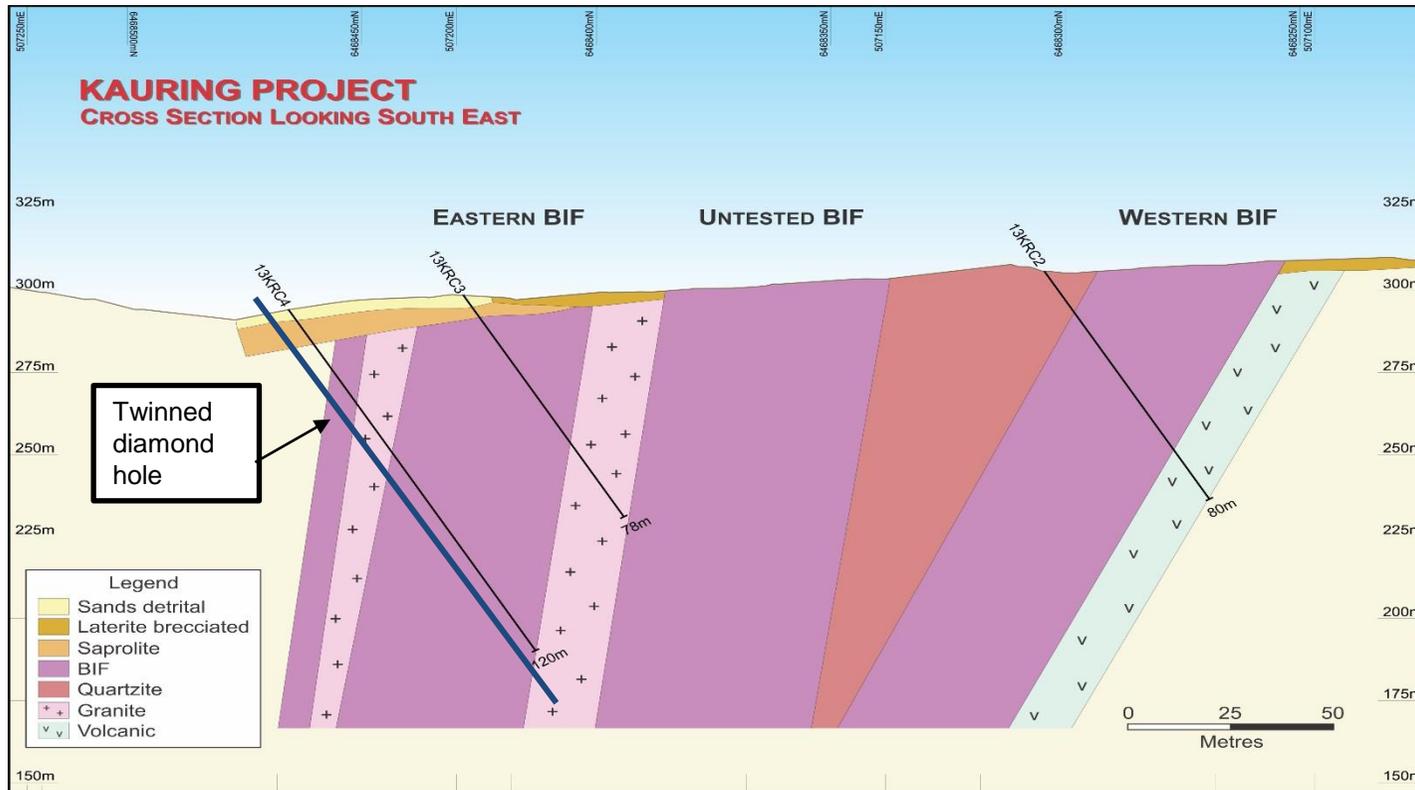
- At least 3 stages of grinding
- Very challenging processing (magnetic separation, flotation)
- Very challenging to filter = penalties and difficulties to meet TML
- Difficult to transport – liquification (TML)
- High complexity = high cost = higher risk

PROJECTS - Kauring

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



LOCATION - Kauring



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

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

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