



magnetic resources^{NL}

ABN 34 121 370 232

NOTICE OF GENERAL MEETING AND EXPLANATORY STATEMENT

**General Meeting to be held at the
Office of the Company,
Ground Floor, 22 Delhi Street
West Perth WA 6005
on
31 May 2016
commencing at 10.00 am (WST)**

This Notice of General Meeting and Explanatory Statement should be read in its entirety.
If Shareholders are in doubt as to how to vote, they should seek advice from their accountant, solicitor or other professional
adviser without delay.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Magnetic Resources NL will be held at the Office of the Company, Ground Floor, 22 Delhi Street, West Perth, WA 6005 on Tuesday, 31 May 2016 commencing at 10:00 am (WST).

SPECIAL BUSINESS

1. Ratification of Prior issue of Shares (Resolution 1)

To consider and if thought fit, pass with or without amendment the following resolution as an **ordinary resolution**:

“That for the purpose of Listing Rule 7.4 and for all other purposes, approval is given to ratify the prior issue of 2,499,999 Shares to the investors on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast on Resolution 1 by any person who participated in the issue the subject of Resolution 1 and any associates of those persons. However, the Company need not disregard any vote if it 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 it 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.

2. Approval for the Issue of Shares to a Related Party, George Sakalidis (Resolution 2)

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 333,332 Shares to Related Parties George Sakalidis and his controlled entity Leeman Pty Ltd on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 2 by Mr Sakalidis and any of his associates including Leeman Pty Ltd. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

3. Approval for the Issue of Shares to a Related Party, Eric Lim (Resolution 3)

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 500,000 Shares to Related Party Eric Lim on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 3 by Mr Lim and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

4. Approval for the Issue of Shares to a Related Party, Choon Kong Lim (Resolution 4)

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue 1,666,666 Shares to Related Party Choon Kong Lim on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 4 by Mr Lim and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

5. Approval for the Issue of Shares (Resolution 5)

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue up to 20,000,000 Shares at an issue price which is no less than the minimum price permitted by the market price formula set out in listing rule 7.3.3, to investors on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 7.3 the Company will disregard any votes cast on Resolution 5 by a person and any of their associates who may participate in the proposed issue and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the resolution is passed. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

6. Approval of payment of up to \$136,875 in lieu of notice to former Managing Director Gavin Fletcher (Resolution 6)

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

“That for the purposes of sections 200B and 200E of the Corporations Act, Chapter 2E of the Corporations Act, Listing Rule 10.19 and for all other purposes, approval be given for the Company to pay termination benefits comprising up to \$136,875 in lieu of notice to former Managing Director, Mr Gavin Fletcher, in connection with Mr Fletcher ceasing to hold management or executive office with the Company or a Related Body Corporate of the Company, as detailed in and on the terms set out in the Explanatory Statement.”

Voting Exclusions

The Company will disregard any votes cast on this resolution by Mr Fletcher and any of his associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it 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.

In accordance with section 250BD of the Corporations Act, a vote on this Resolution must not be cast by a person appointed as a proxy, where that person is either a member of the Key Management Personnel or a Closely Related Party of such member. However, a vote may be cast by such person if the vote is not cast on behalf of a person who is otherwise excluded from voting, and

- (a) the person is appointed as a proxy and the appointment specifies how the proxy is to vote; or

- (b) the person appointed as proxy is the Chairman and the appointment does not specify how the Chairman is to vote but expressly authorises the Chairman to exercise the proxy even if the Resolution is connected with the remuneration of a member of the Key Management Personnel.
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9. Approval for the Issue of Shares to a Related Party, Choon Kong Lim (Resolution 7)

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue \$100,000 at \$0.05 Shares to Related Party Choon Kong Lim on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 7 by Mr Lim and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

10. Approval for the Issue of Shares to a Related Party, George Sakalidis (Resolution 8)

To consider and, if thought fit, to pass with or without amendment, the following as an **ordinary resolution**:

“That, for the purposes of section 195(4) and Chapter 2E of the Corporations Act, and ASX Listing Rule 10.11 and for all other purposes, the Company be authorised to issue \$10,000 at \$0.05 Shares to Related Party George Sakalidis or nominee on the terms and conditions as set out in the Explanatory Statement.”

Voting Exclusion: For the purposes of ASX Listing Rule 10.13.6 the Company will disregard any votes cast on Resolution 8 by Mr Sakalidis and any of his associates. However, the Company must not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by 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.

Shareholders are specifically referred to the Glossary in the Explanatory Statement which contains definitions of capitalised terms 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;
- (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 appointed as a Shareholder's proxy may appoint an individual as its representative to exercise any of the powers that the body may exercise 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 appoints a body corporate as its proxy and the body corporate wishes to appoint an individual as its representative, 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 Meeting or handed in at the 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 Meeting will be the entitlement of that person set out in the register of Shareholders as at 5pm (WST) on 29 May 2016. Accordingly, transactions registered after that time will be disregarded in determining Shareholder's entitlement to attend and vote at the 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 of Directors



George Sakalidis
Executive Director

Dated this 27 day of April 2016

Explanatory Statement

This Explanatory Statement has been prepared for the information of Shareholders in relation to the business to be conducted at the Company's 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. Capitalised terms in this Explanatory Statement are defined in the Glossary.

Overview of changes to capital structure and changes in Related Party holdings

If all the Resolutions put to the Meeting are passed and implemented, the capital structure of the Company will be as follows, assuming no existing Options are exercised:

Resolution	Shares to be issued under Resolution	Shares on issue (cumulative)	Options on issue
As at date of Notice of Meeting (including Resolution 1 ratification Shares)	2,499,999	102,936,840	16,907,143
Resolution 2	333,332	103,270,172	16,907,143
Resolution 3	500,000	103,770,172	16,907,143
Resolution 4	1,666,666	105,436,838	16,907,143
Resolution 5	20,000,000	125,436,838	16,907,143
Resolution 7	2,000,000	127,436,838	16,907,143
Resolution 8	200,000	127,636,838	16,907,143
Total		127,636,838	16,907,143

If all the Resolutions put to the Meeting are passed and implemented, the Voting Power of each Related Party of the Company receiving an issue of Shares under any Resolutions in this Notice will be as follows, assuming no existing Options are exercised:

Name of Related Party	Number of Shares in which a Voting Power is held	Voting Power expressed as a percentage of Shares on issue
George Sakalidis and Associates	4,153,537	3.25% (down from 3.6%)
Eric Lim and Associates	7,498,011	5.87% (down from 6.97%)
Choon Kong Lim (a Related Party because he is the father of Eric Lim) and Associates	14,886,518	11.66% (up from 11.17%)

Item 1 Ratification of the Issue of Securities to investors (Resolution 1)

1.1 Background to Resolution 1

As announced on 5 January 2016, the Company entered into Converting Loan Agreements on 28 December 2015 under which the various lenders agreed to lend an aggregate of \$300,000 to the Company on an unsecured basis for the purpose of working capital on the following terms:

- (a) The funds from the loans were drawn down and placed into an escrow account and were released to the Company on 1 February 2016;
- (b) the loans are convertible into Shares at the election of the respective lenders from 1 February 2016 at \$0.06 per Share, subject to any necessary shareholder approval required under the Listing Rules or under the Corporations Act in relation to each lender; in circumstances where any necessary shareholder approval is not obtained in relation to conversion of a loan to Shares, the Company must instead repay the outstanding principal and interest to the lender;
- (c) the loans mature on a maturity date of 28 December 2016, and if not converted to Shares by the relevant lender by 5pm WST on that date, the loans will automatically convert to Shares on that date, subject to obtaining any necessary shareholder approval required under the Listing Rules or under the Corporations Act in relation to each lender; in circumstances where any necessary shareholder approval is not obtained in relation to conversion of a loan to Shares, the Company must instead repay the outstanding principal and interest to the lender;
- (d) the lenders are not entitled to demand repayment of the loans before 28 December 2016 and even on that date repayment in cash is only possible where any necessary shareholder approval which is required for conversion to Shares, has not been provided by shareholders;
- (e) the loans attract an interest rate of 9% per annum with interest compounding until the maturity date of 28 December 2016 or earlier date of conversion to Shares; interest is payable in cash, and
- (f) the loans are subject to various usual and appropriate events of default including delisting of the Company or relating to an insolvency event occurring in relation to the Company. If an event of default occurs the lender may elect to convert the loan into Shares at the conversion price of \$0.06 per Share.

On 26 February 2016, two lenders under two of the Converting Loan Agreements, Yuen Ling Loretta and Haank Gerhard, each issued a conversion notice requiring the Company to issue 833,333 Shares and 1,666,666 Shares respectively as conversion of loan funds of \$50,000 and \$100,000 respectively at a deemed issue price of \$0.06 per Share. As a result, a total of 2,499,999 Shares were issued on 26 February 2016 utilising the Company's capacity to issue Shares under Listing Rule 7.1. This represents a 20% premium to the Company's Share price at the date of conversion.

1.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that without the approval of holders of ordinary securities, a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of those securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

1.3 ASX Listing Rule 7.4

ASX Listing Rule 7.4 sets out an exception to ASX Listing Rule 7.1. It provides that where a company in general meeting ratifies the previous issue of securities (and provided that the previous issue did not breach ASX Listing Rule 7.1) the issue will be treated as having been made with Shareholder approval for the purpose of ASX Listing Rule 7.1.

By ratifying the issues to Yuen Ling Loretta and Haank Gerhard, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

1.4 Compliance with Listing Rule 7.5

The information required to be provided to Shareholders to satisfy ASX Listing Rule 7.4 is specified in ASX Listing Rule 7.5.

Pursuant to and in accordance with ASX Listing Rule 7.5, the following information is provided in relation to the issue pursuant to Resolution 1:

- (a) 2,499,999 Shares were issued, within the Company's then existing 15% capacity under Listing Rule 7.1;
- (b) the Shares were issued upon conversion of loan advances totalling \$150,000;
- (c) the Shares issued were all fully paid ordinary Shares in the capital of the Company issued on the same terms and conditions and rank equally in all respects with the Company's existing Shares the terms of which are in the public domain;
- (d) 833,333 Shares were issued to Yuen Ling Loretta and 1,666,666 Shares were issued to Haank Gerhard, neither of whom are a Related Party of the Company; and
- (e) no funds were raised from the issue of the Shares given that the Shares were issued in conversion of loans totalling \$150,000 drawn down by the Company on 1 February 2016.

The Directors recommend that Shareholders vote in favour of Resolution 1 to fully restore the Company's capacity to issue securities under Listing Rule 7.1.

The Chairman intends to vote all available proxies in favour of Resolution 1.

Item 2 Approval for the issue of Shares to Related Parties (Resolutions 2, 3 and 4)

2.1 Background to Resolutions 2, 3 and 4

George Sakalidis, (who is a Director, and at the time of entering into the Converting Loan Agreements was a person whom the Company had reasonable grounds to believe would become a Director, and therefore was a Related Party when he executed the Converting Loan Agreement), Leeman Pty Ltd (an entity controlled by George Sakalidis), Eric Lim (who is a Director), and Choon Kong Lim (the father of Director Eric Lim), are each Related Parties pursuant to section 228 of the Corporations Act. They have each entered into a Converting Loan Agreement with the Company and now wish to issue conversion notices to convert their respective loans to Shares at the deemed issue price of \$0.06 per Share. Background information regarding the Converting Loan Agreements is provided in section 1.1 of the Explanatory Statement in relation to Resolution 1. Shareholder approval is therefore now being sought for the issue of the following Shares to the following Related Parties for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

Resolution	Name of Related Party	Loan advanced to the Company pursuant to Converting Loan Agreement	Number of Shares to be converted from loan
2	George Sakalidis	\$10,000	166,666
2	Leeman Pty Ltd (controlled by George Sakalidis)	\$10,000	166,666
3	Eric Lim	\$30,000	500,000
4	Choon Kong Lim	\$100,000	1,666,666

2.2 Compliance with ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities to a Related Party. The definition of 'equity securities' under the Listing Rules includes Shares. The definition of Related Party includes a director of the Company, an entity controlled by a Director, a person whom the Company has reasonable grounds to believe will become a Director, and the parent of a Director of the Company.

In respect of the Listing Rules, as Shareholder approval is being sought under ASX Listing Rule 10.11, Shareholder approval is not also required under ASX Listing Rule 7.1.

The following information is required by ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11 for the issue of the Shares to the Related Parties the subjects of Resolutions 2, 3 and 4:

- (a) The Shares are to be issued to George Sakalidis, Leeman Pty Ltd (controlled by George Sakalidis), Eric Lim and Choon Kong Lim.
- (b) The maximum number of securities the Company can issue under each of Resolutions 2, 3 and 4 is shown in the table in section 2.1, comprising a total of 2,499,998 Shares.
- (c) The Company will issue the Shares on one date no later than 1 month after the date of the Meeting (or such longer period of time as ASX in its discretion allows).
- (d) The Shares will be issued at a deemed issued price of \$0.06 each (being the conversion price agreed in the Converting Loan Agreements between each of the Related Party lenders and the Company). No funds will be raised from the issue of the Shares given that the Shares will be issued in conversion of loans totalling \$150,000 drawn down by the Company on 1 February 2016.
- (e) Shares will be issued on the same terms as the existing fully paid ordinary Shares of the Company, the terms of which are in the public domain.
- (f) A voting exclusion statement is included in the Notice of General Meeting.

2.3 Compliance with Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates transactions between the Company and its Related Parties.

Section 208 of the Corporations Act provides that, unless an exception applies, a public company must obtain the approval of its members in accordance with sections 217 to 227 of the Corporations Act before it gives a financial benefit to a related party. The benefit for which Shareholder approval is obtained, must be given within 15 months of that approval.

The only Director without a material personal interest in Resolutions 2, 3 and 4, Julien Sanderson, is not competent to form a quorum alone to form the view that the issue of the Shares the subject of Resolutions 2, 3 and 4 comprises an arm's length transaction, or that any other exceptions apply. Shareholder approval is therefore sought for the purposes of section 195(4) and Chapter 2E of the Corporations Act for the issue of Shares to the Related Parties on the same terms Shares were issued to non-Related Parties under Resolution 1.

The following information is provided in accordance with Section 219 of the Corporations Act.

The Related Parties to Whom the Proposed Resolution Would Permit the Benefit to be Given

George Sakalidis, Leeman Pty Ltd (controlled by George Sakalidis), Eric Lim and Choon Kong Lim

The Nature of the Financial Benefit

The financial benefit is the issue of Shares in the capital of the Company, credited as fully paid at a deemed issue price of \$0.06 each. On issue of the Shares pursuant to Resolution 2, 3 and 4, the Company's issued Share capital will increase by 2,499,998 representing 2.5% of the issued Share capital of the Company at that point, diluting the remaining Shareholders by a corresponding amount. The conversion will occur before the placement under resolution 5.

The Related Parties currently holds the following Shares and Options in the Company (excluding any Shares issued under any resolutions in this Notice of Meeting):

Name of Related Party	Number of Shares held as at date of Notice of Meeting	Number of Shares to be converted from loan	Total Shares following implementation of Resolutions 2-4	% of Shares on issue*
George Sakalidis	798,311	166,666	964,977	0.92**
Leeman Pty Ltd (controlled by George Sakalidis)	2,821,894	166,666	2,988,560	2.83**
Eric Lim	6,998,011	500,000	7,498,011	7.11

Choon Kong Lim	11,219,852	1,666,666	12,886,518	12.22***
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* assumes 105,436,838 Shares on issue following Resolution 1,2,3 and 4 and no existing Options on issue are exercised.

** excludes any Shares issued under resolution 8

*** excludes any Shares issued under resolution 7

Name of Related Party	Number of Options held as at date of Notice of Meeting	Exercise Price	Exercise Date
George Sakalidis	800,000	\$0.1499	27.12.2016
	1,500,000	\$0.17	31.12.2017
Leeman Pty Ltd (controlled by George Sakalidis)	Nil	N/a	N/a
Eric Lim	Nil	N/a	N/a
Choon Kong Lim	N/a	N/a	N/a

Other Information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The Share price at the date of preparing this Notice of Meeting is \$0.06 per Share. The deemed issue price of the Shares upon conversion of the loans is \$0.06. With reference to Share price at the date of preparing the Notice of Meeting, the implied "value" being received by each of the Related Parties upon conversion of the loans is set out below.

Name of Related Party	Number of Shares to be converted from loan	Implied Value being received
George Sakalidis	166,666	\$10,000
Leeman Pty Ltd (controlled by George Sakalidis)	166,666	\$10,000
Eric Lim	500,000	\$30,000
Choon Kong Lim	1,666,666	\$100,000

Trading History

Over the last 12 months the Shares have traded between 11 cents per Share (highest) and 3.8 cents per Share (lowest). The latest trading price available at the time of preparing this Notice of Meeting, on 26 April 2016, was \$0.055 per Share. On the date of execution of the Converting Loan Agreements the closing trading price was \$0.07 per Share.

Directors Recommendation

Each of George Sakalidis and Eric Lim decline to make a recommendation in relation to how Shareholders should vote on Resolutions 2, 3 and 4 because they have a material personal interest in the outcome of Resolutions 2, 3 or 4.

The other Director of the Company, Mr Julien Sanderson, recommends the issue of the Shares to the Related Parties because the alternative to allowing the loans to convert to Shares is to repay the loans in cash on the maturity date of 28 December 2016. Mr Sanderson believes it is in the better interests of shareholders to conserve the cash of the Company by allowing conversion to Shares to occur, than to repay the loans in cash, which would be the necessary outcome if Shareholders do not approve Resolutions 2, 3 or 4. In addition, the terms of conversion are the same terms applicable to non-Related Parties the subject of Resolution 1.

The Chairman intends to vote all available proxies in favour of Resolutions, 2, 3 and 4.

Item 3 Approval for the Issue of Shares (Resolution 5)

3.1 Background to Resolution 5

Shareholder approval is sought for the issue of up to 20,000,000 Shares at an issue price which is no less than the minimum price permitted by the market price formula set out in listing rule 7.3.3.. The purpose of the proposed Share issue is to raise additional working capital. No investors have been identified at this stage for placing shares under Resolution 5. Resolution 5 is being put to Shareholders to offer additional flexibility to the Board to issue equity securities to investors who are not Related Parties, in addition to the Company's ability to issue equity securities under Listing Rule 7.1.

3.2 ASX Listing Rule 7.1

ASX Listing Rule 7.1 provides that a company must not, subject to specified exceptions, issue or agree to issue during any 12 month period any equity securities, or other securities with rights to conversion to equity, if the number of these securities exceeds 15% of the number of securities in the same class on issue at the commencement of that 12 month period.

Approval is being sought under ASX Listing Rule 7.1 for the issue of up to 20,000,000 Shares to investors who have yet to be identified. This placement is independent of the placement to Mr Sakalidis and Mr Lim under Resolution 7 and 8, and the minimum pricing of these Shares will be as permitted by the market price formula set out in listing rule 7.3.3.If Resolution 5 is passed, following the issue of the Shares the subject of Resolution 5, the Company will still have the capacity to issue 15% of its equity securities over the next 12 months as those Shares, once issued, will be excluded from the calculation under ASX Listing Rule 7.1. The issue of the Shares the subject of Resolution 5 must occur no later than 3 months, or such later date as permitted by ASX, from the date of the Meeting.

Pursuant to and in accordance with ASX Listing Rule 7.3, the following information is provided in relation to the proposed issue of Shares under Resolution 5:

- (a) the maximum number of Shares to be issued under Resolution 5 is 20,000,000;
- (b) the Shares will be issued no later than 3 months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the ASX Listing Rules); issue may occur progressively;
- (c) In accordance with Listing Rule 7.3.3 the issue price of any Shares will not be less than 80% of the average closing price for ordinary shares (excluding special crossings, overnight sales and exchange traded options exercises) calculated over the last 5 days on which sales of ordinary shares were recorded before the date on which the Shares are issued;
- (d) the Shares will be issued, without disclosure, to sophisticated or professional investors who are not Related Parties of the Company;
- (e) the Shares will rank equally in all respects with the existing class of quoted fully paid ordinary shares on issue, the terms of which are in the public domain; and
- (f) the funds raised upon issue of the Shares will be used for general working capital.

3.3 Directors Recommendation

Each of the Directors recommend that Shareholders should vote in favour of Resolution 5 in order to maximise the Company's flexibility to raise additional working capital beyond that possible under the existing capacities under Listing Rule 7.1.

The Chairman intends to vote all available proxies in favour of Resolution 5.

Item 4 Approval of payment of up to \$136,875 in lieu of notice to former Managing Director Gavin Fletcher (Resolution 6)

4.1 Background to Gavin Fletcher's employment

On 13 March 2013 the Company announced that Gavin Fletcher had been appointed as an executive director of the Company.

On 20 October 2014 the Company announced that Gavin Fletcher had been appointed as Managing Director of the Company at a salary of \$250,000 for a three year term subject to extension, and 1,500,000 Options at various strike prices and milestone incentives linked to industry standard benchmarks.

On 24 September 2015 the Company announced that it had executed an executive employment contract with Gavin Fletcher in respect of his engagement as Managing Director of the Company (**Employment Agreement**), commencing with effect from 20 October 2014 (**Commencement Date**). The 24 September 2015 ASX announcement disclosed that Gavin Fletcher had commenced as Managing Director with effect on 20 October 2014 on the basis of a verbal agreement as to his base salary and superannuation, with discussions taking place since 1 November 2014 between the Directors concerning the remainder of Mr Fletcher's remuneration package, including his proposed termination benefits.

4.2 Compliance with Sections 200B and 200E of the Corporations Act

Section 200B of the Corporations Act prevents a company from giving a benefit to a director in connection with the director's retirement or removal from office unless the company's Shareholders approve that benefit under section 200E or the benefit falls within certain exceptions set out in the Corporations Act. A "benefit" includes a payment or other valuable consideration. Under Corporations Regulations 2D.2.03(1)(c) the payment of money in lieu of notice is a benefit in connection with a person's retirement from office.

A payment or benefit will only fall within the exceptions set out in the Corporations Act if the amount of the payment is less than a prescribed multiple of the director's remuneration and if the nature of the payment falls within one of a number of categories set out in the Corporations Act.

Pursuant to the terms of his Employment Agreement Mr Fletcher required that advance Shareholder approval be sought at the 2015 AGM under section 200B of the Corporations Act for the termination benefits to be provided to Mr Fletcher under the Employment Agreement, because none of the exceptions in the Corporations Act were considered to be applicable.

Accordingly the Notice of Annual General Meeting announced on 20 October 2015 sought Shareholder approval for the termination benefits in the Employment Agreement for Mr Fletcher for the purposes of sections 200B and 200E of the Corporations Act, Listing Rule 10.19 and for all other purposes.

The Company's ASX announcement on 20 November 2015 disclosed that at the Annual General Meeting held on 20 November 2015, Shareholders did not approve Resolution 8, for Mr Fletcher's proposed termination benefits in the Employment Agreement for the purposes of sections 200B and 200E of the Corporations Act, Listing Rule 10.19 and for all other purposes.

On 29 January 2016 the Company announced that the Shareholders in general meeting had removed Gavin Fletcher as a Director pursuant to section 203D of the Corporations Act.

On 4 February 2016 the Company announced that the Board had terminated Mr Fletcher's Employment Agreement with immediate effect.

On 9 February 2016 Mr Fletcher requested payment of \$136,875, comprising six months' salary in lieu of notice under the Employment Agreement of \$125,000, and superannuation of \$11,875. Of this the Company has agreed to pay Mr Fletcher \$9,615.38 (plus superannuation) pursuant to the Fair Work Act requirement that the Company pay two weeks' salary in lieu of notice.

Section 200E of the Corporations Act requires that, where Shareholders are asked to approve a payment or other benefit to a director that would otherwise be prohibited under section 200B, Shareholders must be given details of the amount of the payment or benefit. In view of removal by the Shareholders of Mr Fletcher as a Director and the subsequent termination of Mr Fletcher's Employment Agreement on 4 February 2016, under Resolution 6 the Board seeks the Shareholders' approval to pay the sum of up to \$136,875 to Mr Fletcher (and his nominated superannuation fund) for the purposes of section 200B of the Corporations Act, in order to satisfy Mr Fletcher's request to be paid \$136,875 in lieu of six months' notice under the Employment Agreement.

The termination benefits for which Shareholder approval is sought under Resolution 6 is narrower than the broader range of proposed termination benefits put to the Shareholders in resolution 8 at the Company's 2015 AGM and rejected by the Shareholders on 20 November 2016.

4.3 Listing Rule 10.19

Listing Rule 10.19 provides that without the approval of Shareholders, the Company must ensure that no officer of the Company or its child entities will be or may be entitled to termination benefits (without shareholder approval first being obtained prior to payment) if the value of those benefits and the termination benefits which are or may become payable to all officers together, exceeds 5% of the equity interests of the Company as set out in the latest annual accounts given to ASX. The payment of \$136,875 sought by Gavin Fletcher exceeds this 5% threshold. As at the 30 June 2015 year end, the total equity of the Company was \$883,568. Under Resolution 6, the Board seeks the Shareholders' approval to pay up to the sum of \$92,697 to Mr Fletcher (and his nominated superannuation fund) for the purposes of Listing Rule 10.19, which is the figure in excess of 5% of the equity interests of the Company (\$44,178), in order to satisfy Mr Fletcher's request to be paid \$136,875 in lieu of six months' notice under the Employment Agreement.

4.4 Compliance with Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates related party transactions. Pursuant to section 228 of the Corporations Act, Mr Fletcher is a related party of the Company given that he has been a director of the Company during the past six months.

Section 208 of the Corporations Act provides that, unless an exception applies, a public company must obtain the approval of its members in accordance with sections 217 to 227 of the Corporations Act before it gives a financial benefit to a related party. The benefit for which Shareholder approval is obtained must be given within 15 months of that approval.

In order to preserve the Company's cash flow for exploration and other operational expenditure, the Directors did not obtain advice from an independent remuneration consultant in relation to Mr Fletcher's payment in lieu of 6 months' notice prior to executing the Employment Agreement. The Directors, none of which have any personal interest in Resolution 6, do not consider that they have sufficient information to form the view that the issue of the payment in lieu of six months' notice the subject of Resolution 6 comprises reasonable remuneration or not, other than the statutory obligation to pay Mr Fletcher two weeks' salary in lieu of notice under the Fair Work Act which is regarded as reasonable remuneration not requiring shareholder approval under section 211 of the Corporations Act, and will be paid by the Company. As such, the Directors have not been able to resolve that the reasonable remuneration exception in section 211 of the Corporations Act applies to the total sum sought by Mr Fletcher and accordingly, Shareholder approval is sought for the purposes of Chapter 2E of the Corporations Act.

The following information is provided in accordance with Section 219 of the Corporations Act.

The Related Parties to Whom the Proposed Resolution Would Permit the Benefit to be Given

Mr Gavin Fletcher

The Nature of the Financial Benefit

The financial benefit is the payment of up to \$136,875 in lieu of six months' notice under the Employment Agreement, comprising a cash payment of six months' base salary of \$125,000, and a payment to Mr Fletcher's nominated superannuation fund of \$11,875.

Other Information that is Reasonably Required by Members to Make a Decision and that is known to the Company or any of its Directors

The Employment Agreement between the Company and Mr Fletcher provides that Mr Fletcher may be paid six months' pay in lieu of notice, subject to all necessary shareholders approvals being obtained.

Directors Recommendation

The Directors of the Company, Mr Eric Lim, Mr George Sakalidis and Mr Julien Sanderson do not recommend the payment of up to \$136,875 in lieu of six months' notice under the Employment Agreement to Mr Fletcher for the purposes of Chapter 2E of the Corporations Act for the following reason.

The Corporations Act provides Shareholders with the ability to not approve payments of financial benefits to a former Director. The Directors prefer not to make a recommendation and instead allow the Shareholders to reach their own view, given that the Shareholders rejected the broader range of termination benefits at the 2015 AGM on 20 November 2015 and then the Shareholders removed Mr Fletcher as a Director at the general meeting of the Company held on 29 January 2016.

Mr Fletcher has commenced legal proceedings against the Company in relation to the payment of his termination benefits. The Company will provide updates on those proceedings from time to time via the ASX.

Item 6 Approval for the issue of Shares to Related Parties (Resolutions 7 and 8)

6.1 Background to Resolution 7 and 8

George Sakalidis as a director of the Company, or his nominee, together with Mr Choon Kong Lim (the father of Director Eric Lim), are each Related Parties pursuant to section 228 of the Corporations Act.

It is proposed to issue shares to Mr Sakalidis and Mr Lim as part of an overall plan to raise capital in conjunction with resolution 5 and the Company's existing placement capacity, and shareholder approval is therefore now being sought for the issue of the following Shares to the following Related Parties for the purposes of Chapter 2E of the Corporations Act and ASX Listing Rule 10.11.

Resolution	Name of Related Party	\$ subscribed	Number of Shares to be issued
7	George Sakalidis & Jacqueline Sakalidis (Sakalidis Super Fund A/C).	\$10,000	200,000
8	Choon Kong Lim	\$100,000	2,000,000

6.2 Compliance with ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain Shareholder approval by ordinary resolution prior to the issue of equity securities to a Related Party. The definition of 'equity securities' under the Listing Rules includes Shares. The definition of Related Party includes a director of the Company, an entity controlled by a Director, a person whom the Company has reasonable grounds to believe will become a Director, and the parent of a Director of the Company.

In respect of the Listing Rules, as Shareholder approval is being sought under ASX Listing Rule 10.11, Shareholder approval is not also required under ASX Listing Rule 7.1.

The following information is required by ASX Listing Rule 10.13 for approval under ASX Listing Rule 10.11 for the issue of the Shares to the Related Parties the subjects of Resolutions 7 and 8:

- (g) The Shares are to be issued to George Sakalidis & Jacqueline Sakalidis (Sakalidis Super Fund A/C) (controlled by George Sakalidis) and Choon Kong Lim.
- (h) The maximum number of securities the Company can issue under each of Resolutions 7 and 8 is shown in the table in section 6.1, comprising a total of 2,200,000 Shares.
- (i) The Company will issue the Shares on one date no later than 1 month after the date of the Meeting (or such longer period of time as ASX in its discretion allows).
- (j) The Shares will be issued at an issue price of \$0.05 each.
- (k) A total of \$110,000 will be raised from the Placement and will be used for working capital purposes.
- (l) The Placement Shares will be issued on the same terms as the existing fully paid ordinary Shares of the Company, the terms of which are in the public domain.
- (m) A voting exclusion statement is included in the Notice of General Meeting.

2.3 Compliance with Chapter 2E of the Corporations Act

Chapter 2E of the Corporations Act regulates transactions between the Company and its Related Parties.

Section 208 of the Corporations Act provides that, unless an exception applies, a public company must obtain the approval of its members in accordance with sections 217 to 227 of the Corporations Act before it gives a financial benefit to a related party. The benefit for which Shareholder approval is obtained, must be given within 15 months of that approval.

The only Director without a material personal interest in Resolutions 7, and 8, Julien Sanderson, is not competent to form a quorum alone to form the view that the issue of the Shares the subject of Resolutions 7 and 8 comprises an arm's length transaction, or that any other exceptions apply. Shareholder approval is therefore sought for the purposes of section 195(4) of the Corporations Act and Chapter 2E of the Corporations Act for the issue of Shares to the Related Parties.

The following information is provided in accordance with Section 219 of the Corporations Act.

The Related Parties to Whom the Proposed Resolution Would Permit the Benefit to be Given

George Sakalidis (George Sakalidis & Jacqueline Sakalidis (Sakalidis Super Fund A/C) - an entity controlled by Mr Sakalidis) and Choon Kong Lim

The Nature of the Financial Benefit

The financial benefit is the issue of Shares in the capital of the Company, credited as fully paid at an issue price of \$0.05 each. On issue of the Shares pursuant to Resolutions 7 and 8, the Company's issued Share capital will increase by 2,200,000 Shares representing 2.19% of the issued Share capital of the Company at that point, diluting the remaining Shareholders by a corresponding amount. This dilution calculation excludes any issues approved in this Notice of Meeting.

The Related Parties will hold the following Shares and Options in the Company (excluding any Shares issued under any resolutions in this Notice of Meeting except resolution 1, 7 and 8):

Name of Related Party	Number of Shares held as at date of Notice of Meeting	Number of Shares to be issued	Total Shares following implementation of Resolutions 7-8	% of Shares on issue*
George Sakalidis or nominee	798,311	200,000	998,311	0.94
Leeman Pty Ltd (controlled by George Sakalidis)	2,821,894	0	2,821,894	2.68
Choon Kong Lim	11,219,852	2,000,000	13,219,852	12.57

* assumes 105,136,840 Shares on issue including Resolution 1,7 and 8 and no existing Options on issue are exercised.

Name of Related Party	Number of Options held as at date of Notice of Meeting	Exercise Price	Exercise Date
George Sakalidis	800,000	\$0.1499	27.12.2016
	1,500,000	\$0.17	31.12.2017
Leeman Pty Ltd (controlled by George Sakalidis)	Nil	N/a	N/a
Eric Lim	Nil	N/a	N/a
Choon Kong Lim	N/a	N/a	N/a

Other Information that is reasonably required by members to make a decision and that is known to the Company or any of its Directors

The Share price at the date of preparing this Notice of Meeting is \$0.055 per Share. The issue price of the Shares under the Placement is \$0.05. With reference to Share price at the date of preparing the Notice of Meeting, the implied "value" being received by each of the Related Parties upon issue of the Placement Shares is set out below.

Name of Related Party	Number of Shares to be issued	Implied Value being received
George Sakalidis or Nominee	200,000	\$10,000
Choon Kong Lim	2,000,000	\$100,000

Trading History

Over the last 12 months the Shares have traded between 11 cents per Share (highest) and 3.8 cents per Share (lowest). The latest trading price available at the time of preparing this Notice of Meeting, on 26 April 2016, was \$0.055 per Share. On the date of execution of the Placement the closing trading price was \$0.046 per Share. The Shares issued to Mr Sakalidis and Mr Lim at \$0.05 represents a 10% discount to the current trading price.

Directors Recommendation

Each of George Sakalidis and Eric Lim decline to make a recommendation in relation to how Shareholders should vote on Resolutions 7 and 8 because they have a material personal interest in the outcome of Resolutions 7 or 8.

The other Director of the Company, Mr Julien Sanderson, recommends the issue of the Shares to the Related Parties because it provides the Company with guaranteed access to funding at a time when equity markets are difficult.

The approval sought under Resolution 5 is in addition to the approvals sought under Resolutions 7 and 8, with the pricing under Resolution 5 to be on a discount to the 5 day VWAP at the time of issue and as such maybe lower than the pricing made to the Related Parties.

In the event that Shareholders don't approve the Placement Shares to the Related Parties, the Company will have to rely on its existing placement capacity and Resolution 5 to raise any new capital.

The Chairman intends to vote all available proxies in favour of Resolutions, 7 and 8.

Glossary

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

Associate	has the meaning given in the Corporations Act.
ASX	ASX Limited (ACN 008 624 691).
Board	Board of Directors.
Chairman	Chairman of the Company.
Constitution	Constitution of the Company.
Company or Magnetic	Magnetic Resources NL (ABN 34 121 370 232).
Corporations Act	Corporations Act 2001 (Cth).
Director	Director of the Company.
Equity Securities	has the meaning set out in Listing Rule 19.
Explanatory Statement	the Explanatory Statement accompanying the Notice of General Meeting.
Listing Rules or ASX Listing Rules	the listing rules of ASX.
Meeting	means the Meeting convened by this Notice.
Notice of General Meeting	the Notice of General Meeting accompanying the Explanatory Statement.
Option	means an Option to subscribe for a Share.
Placement	means an issue of Shares to related parties under resolution 7 and 8.
Related Party	has the meaning given in the Corporations Act.
Relevant Interest	has the meaning given in the Corporations Act.
Share(s)	ordinary fully paid Shares in the capital of the Company.
Shareholder	a holder of a Share.
Voting Power	the sum of a person's Relevant Interest in Shares plus the person's Associates' Relevant Interest in Shares.
VWAP	the volume weighted average price of a Share.
WST	Western Standard Time as observed in Perth, Western Australia.