



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, Level 1,
44A Kings Park Road,
West Perth WA 6005**

on

**Thursday 11 October 2018
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, Level 1, 44A Kings Park Road, West Perth, WA 6005 on Thursday 11 October 2018 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 22,248,255 Shares to the investors on the terms and conditions set out in the Explanatory Statement.”

Voting exclusion: The Company will disregard any votes cast in favour of Resolution 1 by or on behalf of any person who participated in the issue the subject of Resolution 1 or 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 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 200,000 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 in favour of Resolution 2 by Mr Sakalidis or on behalf of any of his associates. 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.

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 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 200,000 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 in favour of Resolution 3 by Mr Lim or on behalf of any of his associates. 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.

4. Approval for the Issue of Shares to a Related Party, Julien Sanderson (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 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 Shares to Related Party Julien Sanderson 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 in favour of Resolution 4 by Mr Sanderson or on behalf of any of his associates. 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.

5. Approval for the Issue of Series A Options (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 2,986,667 Series A Options to White Dot 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 in favour of Resolution 5 by a person or on behalf of 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 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.

6. Approval for the Issue of Shares (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 ASX Listing Rule 7.1 and for all other purposes, the Company be authorised to issue 5,074,742 Shares to unrelated parties 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 in favour of Resolution 6 by a person or on behalf of 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 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.

7. Approval for the Issue of December 2021 Options to a Related Party, Eric 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 750,000 December 2021 Options exercisable on or before 31 December 2021 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 in favour of Resolution 7 by Mr Lim or on behalf of any of his associates. 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.

8. Approval for the Issue of December 2021 Options 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 1,500,000 December 2021 Options exercisable on or before 31 December 2021 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 in favour of Resolution 8 by Mr Sakalidis or on behalf of any of his associates. 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.

9. Approval for the Issue of December 2021 Options to a Related Party, Julien Sanderson (Resolution 9)

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 750,000 December 2021 Options exercisable on or before 31 December 2021 to Related Party Julien Sanderson 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 in favour of Resolution 9 by Mr Sanderson or on behalf of any of his associates. 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.

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 Tuesday 9 October 2018. 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



Ben Donovan
Company Secretary

Dated this 31 August 2018

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 issue/to be issued	Options to issue (cumulative)
As at date of Notice of Meeting (Resolution 1 Shares issued)	N/a	185,402,128	3,000,000	3,000,000
Resolution 2	200,000	185,602,128	N/a	3,000,000
Resolution 3	200,000	185,802,128	N/a	3,000,000
Resolution 4	100,000	185,902,128	N/a	3,000,000
Resolution 5	N/a	185,902,128	2,986,667	5,986,667
Resolution 6	5,074,742	190,976,870	N/a	N/a
Resolution 7	N/a	190,976,870	750,000	6,736,667
Resolution 8	N/a	190,976,870	1,500,000	8,236,667
Resolution 9	N/a	190,976,870	750,000	8,986,667
Total	5,574,742	190,976,870	5,986,667	8,986,667

- The Company also has 20,418,862 contributing shares on issue, but this number will not change as a result of any resolutions in this notice.

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	5,178,537	2.71%
Eric Lim and Associates	8,132,794	4.26%
Julien Sanderson	200,000	0.10%

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

1.1 Background to Resolution 1

On 8 August 2018, the Company issued 33,365,425 Shares to various sophisticated investors at an issue price of \$0.12 per Share to raise approx. \$4 million in working capital.

Resolution 1 seeks Shareholder ratification pursuant to ASX Listing Rule 7.4 for the ratification of the issue of the 22,248,255 Shares to various sophisticated investors as part of this placement.

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 of shares, 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) 22,248,255 Shares were issued, within the Company's then existing 15% capacity under Listing Rule 7.1;
- (b) the Shares were issued for consideration of \$2,669,790 via the issue of shares at \$0.12 per Share;
- (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) all shares were issued to Unrelated Parties who are sophisticated or excluded investors; and
- (e) the funds raised will be used to further advance the Company's gold exploration programmes and for working capital purposes.

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

On 18 April 2018, the Company announced it had raised \$632,250 via the issue of Shares at \$0.15 per Share. As part of that capital raising, Mr George Sakalidis, Mr Eric Lim and Mr Julien Sanderson, each Related Parties pursuant to section 228 of the Corporations Act, advised they wished to subscribe for Shares subject to shareholder approval. The price being \$0.15 per Share being the same price as other unrelated shareholders.

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	Subscription Amount (\$)	Number of Shares to be issued
2	George Sakalidis	\$30,000	200,000
3	Eric Lim	\$30,000	200,000
4	Julien Sanderson	\$15,000	100,000

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, Eric Lim and Julien Sanderson who are directors of the Company.
- (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 500,000 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 price of \$0.15 each, being the same price as other unrelated shareholder subscribed at the time.
- (e) Funds will be raised from the issue of the Shares will be used for exploration work at the Hawks Nest and other projects as well as general working capital purposes.
- (f) 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.
- (g) 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.

There are no Directors without a material personal interest in the outcomes of Resolutions 2, 3 and 4, and as such a quorum cannot be formed to decide on whether any 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.

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 or Leeman Pty Ltd (controlled by George Sakalidis), Eric Lim and Julien Sanderson (or an entity controlled by Julien Sanderson)

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 \$0.15 each. On issue of the Shares pursuant to Resolution 2, 3 and 4, the Company's issued Share capital will increase by 500,000 representing 0.27% of the issued Share capital of the Company based on the current shares on issue, diluting the remaining Shareholders by that corresponding amount.

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 issued	Total Shares following implementation of Resolutions 2-4	% of Shares on issue*
George Sakalidis / Related Entities	4,978,537 shares 3,135,714 contributing shares	200,000	5,178,537 shares 3,135,714 contributing shares	2.79
Eric Lim	7,932,794	200,000	8,132,794	4.37
Julien Sanderson	100,000	100,000	200,000	0.054

* assumes 185,902,128 Shares on issue following Resolution 1,2,3 and 4 and no existing Options on issue are exercised and excludes any Shares or Options issued under resolution 6, 7-9.

Name of Related Party	Number of Options held as at date of Notice of Meeting	Exercise Price	Exercise Date
George Sakalidis / Related Entities	1,500,000	\$0.377	31/12/2021
Eric Lim	750,000	\$0.377	31/12/2021
Julien Sanderson	750,000	\$0.377	31/12/2021

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 \$0.14 per Share. The issue price of the Shares is \$0.15. 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 by subscribing to the New Shares is set out below.

Name of Related Party	Number of Shares to be Subscribed for	Implied Value being received
George Sakalidis / related entities	200,000 (\$30,000)	\$28,000
Eric Lim	200,000 (\$30,000)	\$28,000
Julien Sanderson	100,000 (\$15,000)	\$14,000

Trading History

Over the last 12 months the Shares have traded between 34 cents per Share (highest) and 9 cents per Share (lowest). The latest trading price available at the time of preparing this Notice of Meeting, on 13 August 2017, was \$0.14 per Share.

Directors Recommendation

Each of George Sakalidis, Eric Lim and Mr Sanderson 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 Chairman intends to vote all available proxies in favour of Resolutions, 2, 3 and 4.

Item 3 - Approval for the Issue of Options to White Dot Group Inc (Resolution 5)

3.1 Background to Resolution 5

Shareholder approval is sought for the issue of up to 2,986,667 Series A Options at nil consideration to an adviser in relation to public relations and advisory services in lieu of the cash payment of those fees. The options were issued in relation to assistance with the capital raising carried out at \$0.12 on 8 August 2018. The options being subject to shareholder approval. The terms of the option were to be issued at a 15% premium to the price of the capital raising and negotiated on commercial terms. As a result the exercise price is \$0.138 per option. With the current stock price of \$0.15 the options are in the money.

Resolution 5 seeks Shareholder ratification pursuant to ASX Listing Rule 7.3 for the issue of the 2,986,667 Series A Options.

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 2,986,667 Series A Options to an adviser. If Resolution 5 is passed, following the issue of the Series A Options 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 Series A Options, once issued, will be excluded from the calculation under ASX Listing Rule 7.1. The issue of the Series A Options 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 Series A Options under Resolution 5:

- (a) the maximum number of Series A Options to be issued under Resolution 5 is 2,986,667;
- (b) the Series A Options 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) The Series A Options will be issued for nil consideration;
- (d) The terms of the Series A Options is set out in Annexure A;
- (e) the Series A Options will be issued, without disclosure, to the corporate adviser (White Dot Group Inc) who is not a Related Party of the Company;
- (f) the Series A Options will convert into Ordinary Shares which will rank equally in all respects with the existing class of quoted fully paid ordinary shares on issue if converted, the terms of which are in the public domain; and
- (g) no funds will be raised upon the issue of the Series A Options, however, if converted, 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 for the issue of Shares to Unrelated Parties (Resolutions 6)

4.1 Background to Resolution 6

On 8 August 2017, the Company issued 33,365,425 Shares to various sophisticated investors at an issue price of \$0.12 per Share to raise approx. \$4 million in working capital. A further \$608,969 representing 5,074,742 Shares was also raised subject to shareholder approval being granted.

Resolution 6 seeks Shareholder ratification pursuant to ASX Listing Rule 7.3 for the issue of the 5,074,742 Shares to various sophisticated investors as part of this placement.

4.2 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 5,074,742 Shares. If Resolution 6 is passed, following the issue of the Shares the subject of Resolution 6, 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 6 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 6:

- (a) the maximum number of Shares to be issued under Resolution 6 is 5,074,742;
- (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) The Shares will be issued for a price of \$0.12 per Share;
- (d) the Share will be issued, without disclosure, to the unrelated Parties of the Company raised through brokers and existing shareholders of the Company;
- (e) the Shares which 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 the issue of the Shares will be used for exploration activity at the Hawks Nest project and for general working capital.

4.3 Directors Recommendation

Each of the Directors recommend that Shareholders should vote in favour of Resolution 6 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 6.

Item 5 - Approval for the issue of 3,000,000 December 2021 Options to Related Parties (Resolutions 7 to 9 inclusive)**5.1 Background to Resolution 7, 8 and 9**

The Company is seeking to incentivize the board of directors at a time when the Company is looking to advance development of its projects. In order to maintain cash reserves, the Company has decided to incentivize the various board members via the issue of December 2021 Options.

5.2 – Compliance with ASX Listing Rules 10.11 and 7.1

Listing Rule 10.11 provides a general restriction, subject to specified exceptions, against issuing securities to a Related Party without Shareholder approval. A “Related Party” is widely defined under the Corporations Act, and includes a Director of the Company, and a party which controls the Company. Shareholder approval under Resolutions 7 to 9 inclusive is required to comply with Listing Rule 10.11 since the allottees, as current Directors (or their nominees), are related parties of the Company.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the December 2021 Options under Resolutions 7 to 9 inclusive as approval is being obtained under ASX Listing Rule 10.11.

Approval is being sought by Resolutions 7 to 9 inclusive under ASX Listing Rule 10.11 for the issue of up to 3,000,000 December 2021 Options to three Related Parties of the Company, namely Eric Lim and Julien Sanderson, both non-executive directors, and George Sakalidis as Managing Director.

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 (such as an Option), 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.

If Resolutions 7 to 9 inclusively are each passed, following the issue of the 3,000,000 December 2021 Options referred to above, the Company will still have the capacity to issue 15% of its equity securities over the next 12 months as those December 2021 Options, once issued, will be excluded from the calculation under ASX Listing Rule 7.1. The issue of the December 2021 Options referred to above must occur no later than 1 month, or such later date as permitted by ASX, from the date of the Annual General Meeting.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a Notice of Meeting proposing an approval of an issue of securities under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolutions 7 to 9:

- (a) the maximum number of securities to be issued by the Company for nil consideration is 3,000,000 December 2021 Options and as follows:
 - (i) 750,0000 December 2021 Options will be issued to Eric Lim or his nominee under Resolution 7;
 - (ii) 1,500,0000 December 2021 Options will be issued to George Sakalidis or his nominee under Resolution 8;
 - (iii) 750,0000 December 2021 Options will be issued to Julien Sanderson or his nominee under Resolution 9, and
- (b) the December 2021 Options will be issued no later than one month after the date of the General Meeting, on one date and not on consecutive dates;
- (c) the December 2021 Options will otherwise be issued on the terms and conditions set out in Annexure B; and
- (d) Funds of approximately \$630,000 (assuming a \$0.21 exercise price for the December 2021 Options) may be raised upon exercise of the December 2021 Options the subject of Resolutions 7 to 9 inclusive, which will be used to partially fund the exploration programmes in respect to the

Company's projects and general working administration costs. However, there is no guarantee that all or any of the Options will be exercised at any time in the future.

5.3 - Section 208 Corporations Act and section 195 Corporations Act

Chapter 2E of the Corporations Act regulates the provision of financial benefits to related parties by a public company. The proposed grant of December 2021 Options under Resolutions 7 to 9 each constitutes the provision of a financial benefit to a related party. Section 229 of the Corporations Act includes as an example of a "financial benefit", the issuing of securities or the granting of an Option to a related party.

Chapter 2E of the Corporations Act prohibits the Company from giving a financial benefit to a Related Party of the Company unless either:

- the giving of the financial benefit falls within an exception to the provision; or
- prior Shareholder approval is obtained to the giving of the financial benefit and the benefit is given within 15 months after Shareholder approval is obtained.

Since all of the Board members have a material personal interest in the December 2021 Options proposed to be issued to the Directors under Resolutions 7 to 9 inclusive, the Board is not competent under section 195(4) of the Corporations Act to form a quorum for the purpose of considering whether any of the exceptions in Chapter 2E of the Corporations Act applies. None of the exceptions can therefore be considered to apply and Shareholder approval must therefore be sought in relation to Resolutions 7 to 9 inclusive.

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

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

Eric Lim, under Resolution 7

George Sakalidis, under Resolution 8

Julien Sanderson, under Resolution 9

("Related Party")

The Nature of the Financial Benefit

The Company wishes to incentivize the Directors at a time when the Company is looking to advance development of the Company's projects. In order to maintain cash reserves, the Company has decided to incentivize the board members via the issue of Options. The financial benefit constitutes the issue of December 2021 Options which will be issued for nil consideration and enables the holders to subscribe for Shares in the capital of the Company, credited as fully paid, on the terms as set out in of Annexure B.

If the December 2021 Options to be issued under Resolutions 7 to 9 inclusively are exercised (but assuming that no more Shares or Options are issued or exercised by the Company), the Company's issued Share capital will increase by 3,000,000 Shares representing 1.6% of the issued Share capital of the Company at present, diluting the Shareholders by a corresponding amount.

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 Options the subject of Resolutions 7 to 9 inclusively have been valued using the Black-Scholes pricing model, based on the following assumptions:

- a) the Options are to be exercisable at a 50% premium to the 5 trading day VWAP prior to the date of issue of the New December 2021 Options, which is assumed for present purposes to be \$0.21 for the December 2021 Options;
- b) the December 2021 Options are to be exercised by 31 December 2021;
- c) price volatility of the Shares is approximately 100%;
- d) the last closing Share price as at the date of this Notice of Meeting is 14 cents per Share; and
- e) the average current risk free interest rate is 2.75%.

On this basis, the implied “value” being received by the Related Party is 7 cents per December 2021 Option. The total value of the Options proposed to be issued under Resolution 7, 8 and 9 respectively is \$210,000.

Board Recommendation

All Directors decline to make a recommendation to Shareholders in relation to Resolutions 7, 8 and 9 due to their material personal interest in the outcome of the Resolutions.

Rationale for proposed issues of Options

If some or all of the December 2021 Options the subject of Resolutions 7 to 9 inclusively are not approved for issue by the Shareholders, the Directors may not feel as incentivized to grow the value of the Company, and therefore grow the value of the Shares for the benefit of all the Shareholders.

The exercise price of the December 2021 Options incorporates a 50% premium to the 5 trading day VWAP for Shares prior to the date of issue of the December 2021 Options, ensuring that the December 2021 Options are well “out of the money” on the date of issue, and ensuring that the Share price must increase by a factor of 50% before the December 2021 Options will be “in the money”, providing an incentive to each of the Directors.

The number of December 2021 Options the subject of each of Resolutions 7 to 9 inclusively and the corresponding value of the December 2021 Options (total \$210,000) has been chosen by reference to incentive packages offered to directors by other junior iron ore explorers listed on the ASX which are in the exploration stage of development and taking into consideration the comparative number and value of the December 2021 Options granted. The December 2021 Options are also non transferable such that the incentive lies with the Directors alone.

Trading History

The market price of Shares in the Company will normally determine if the December 2021 Options are exercised. If the Company's Shares are trading on the ASX at a price that is higher than the exercise price of the December 2021 Options, there may be a perceived cost to the Company.

Over the last 6 months the Shares have traded between 13 cents per Share (lowest) and 22 cents per Share (highest). The latest trading price available at the time of preparing this Notice of Meeting was 14 cents per Share.

The Chairman intends to vote all available proxies in favour of Resolutions 7,8 and 9.

ANNEXURE A – SERIES A OPTIONS

1. Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
2. The Options are exercisable on or before 2 years from the date of issue.
3. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the exercise price of \$0.138.
4. The Options will not be transferable.
5. Option holders shall only be permitted to participate in new issues of securities on the prior exercise of Options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
6. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary Shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
8. If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.
10. Application will not be made for the Options to be quoted on the Official List of the ASX.

ANNEXURE B – DECEMBER 2021 OPTIONS

1. Each Option entitles the holder to acquire one fully paid ordinary Share in the Company.
2. The Options are exercisable on or before 31 December 2021.
3. Each Option may be exercised by forwarding to the Company at its principal office the exercise notice, duly completed together with payment of the exercise price comprising a 50% premium to the 5 trading day VWAP prior to the date of issue of the Option for each Option exercised.
4. The Options will not be transferable.
5. Option holders shall only be permitted to participate in new issues of securities on the prior exercise of Options in which case the Option holders shall be afforded the period of at least nine (9) business days prior to and inclusive of the record date (to determine entitlements to the issue) to exercise the Option.
6. Shares issued on the exercise of Options will be issued not more than fourteen (14) days after receipt of a properly executed exercise notice and application moneys. Shares allotted pursuant to the exercise of an Option will rank equally with the then issued ordinary Shares of the Company in all respects. If the Company is listed on ASX it will, pursuant to the exercise of an Option, apply to ASX for Quotation of the Shares issued as a result of the exercise, in accordance with the Corporations Act and the Listing Rules.
7. In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company, all rights of the Option holder will be changed to the extent necessary to comply with the Listing Rules applying to the reconstruction of capital at the time of the reconstruction.
8. If there is a bonus issue to Shareholders, the number of Shares over which the Option is exercisable may be increased by the number of Shares which the holder of the Option would have received if the Option had been exercised before the record date for the bonus issue.
9. In the event that a pro rata issue (except a bonus issue) is made to the holders of the underlying securities in the Company, the exercise price of the Options may be reduced in accordance with Listing Rule 6.22.
10. Application will not be made for the Options to be quoted on the Official List of the ASX.

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).
December 2021 Option	means an Option as set out in Annexure B.
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.
New Shares	means the issue of a Share.
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 unrelated or related parties under resolution 2,3,4 and 6.
Related Party	has the meaning given in the Corporations Act.
Relevant Interest	has the meaning given in the Corporations Act.
Series A Options	means an Option as set out in Annexure A.
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.