magnetic resources NL

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CARDINIA DISCOVERY HIGHLIGHTS TRIGG GOLD POTENTIAL

The Directors of Magnetic Resources NL (**Magnetic** or **The Company**) are most encouraged by the recent discovery of high grade gold mineralisation at Cardinia adjacent to Magnetic's Trigg tenements and part of its extensive Mertondale Shear project – see Fig 1.

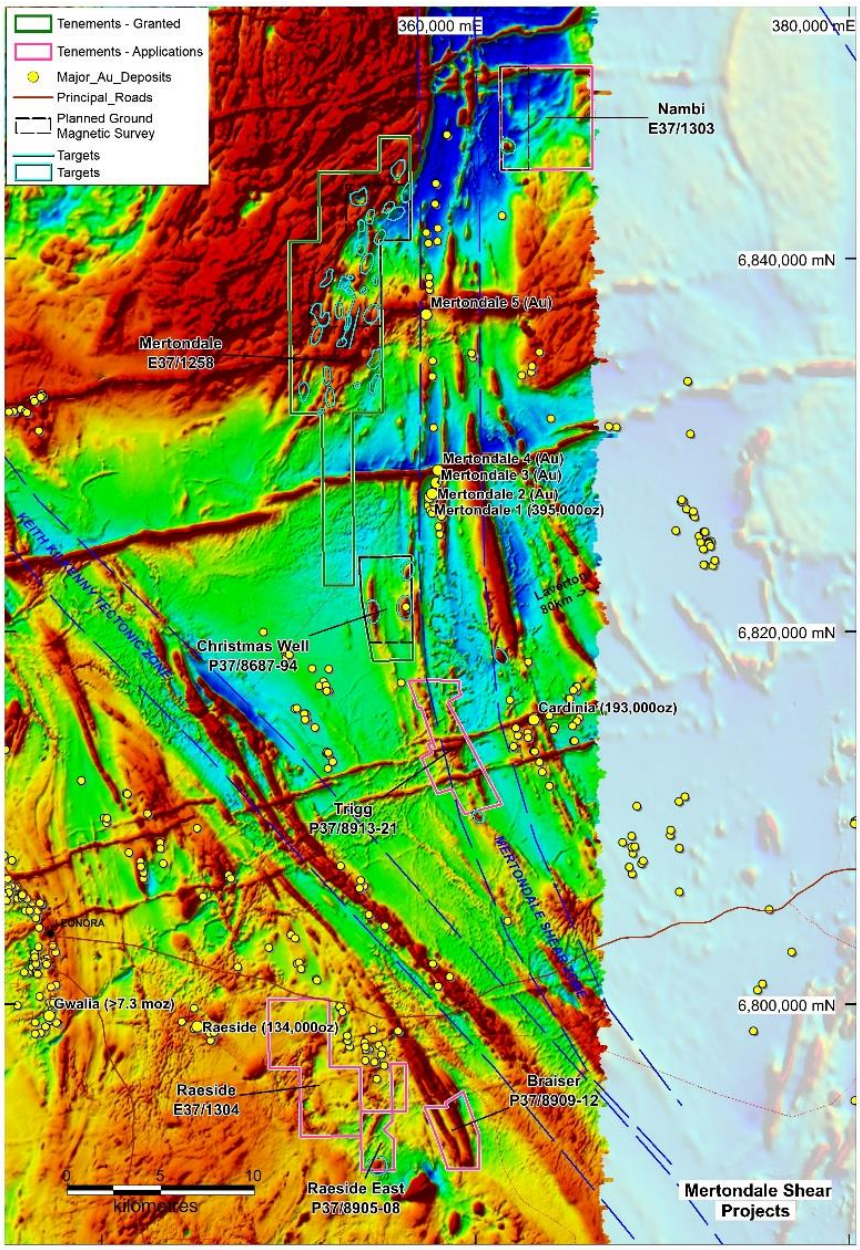

Figure1. Mertondale shear projects (176sq. km) Trigg, Raeside, Christmas Well, and Mertondale showing major structures and Targets and detailed aeromagnetic image.

The Kin Mining discovery (ASX: KIN; 19 April 2017 ASX release) resulted from drilling below shallow supergene gold mineralisation, identifying primary mineralisation with intercepts **of up to 16m @ 37.6 g/t from 47m, including 5m @ 117 g/t Au g/t from 54m.** The mineralisation has been traced over a 500m-long strike length on an interpreted shear zone parallel to, or forming part of, the Mertondale shear corridor.

Magnetic's 100% held Trigg tenements are situated some **4km west of Cardinia**, targeting the interpreted southern strike extension of the Mertondale Shear corridor. Significantly, aeromagnetic data shows that the shear corridor makes a pronounced bend to the SE in the area covered by the Trigg tenements. Such pronounced charges in direction of regional shear zones are potentially favourable locations for gold mineralisation to occur in Archean greenstone belts. Interpretation of aeromagnetics and regional mapping indicated that the Trigg tenements cover a similar sequence of greenstone belt rocks with similar magnetic characteristics to the Cardinia area. Moreover, much of the Trigg area is covered by hardpan and other surficial deposits which are likely to obscure the geochemical response of bedrock mineralisation, suggesting that the limited historical exploration in the area has been ineffective.

Magnetic has assembled an extensive package of tenements in the Mertondale area totaling some 177sq km targeting interpreted shear zones and other geological structures. To date more than 30 structural and/or geological targets have been identified over the Mertondale and Christmas Well tenements. Recent geological fieldwork has confirmed that many of these targets are obscured by transported overburden and have not been tested by previous exploration. Permits for drilling these targets has been obtained and an extensive programme of scout geochemical drilling is in preparation. In the meantime, planning of a detailed ground magnetic survey at Trigg is in progress.

Updating a previous Magnetic Resources ASX release on 04/04/2017 an RC drilling programme has now begun at Hawks Nest and is then moving to the Mt Jumbo shear, north of the Wallaby deposit at Laverton. This programme includes 22 RC/AC holes varying from 80m to 225m depth within the Hawks Nest tenement (E38/3127), aimed at testing a combination of geochemical, IP, historical drilling, old workings and interpreted structural and intrusive targets.

Many other individual magnetic targets HN6 to HN35 are currently being inspected in the field for follow up geochemistry and potential drilling. Two large-scale (greater than 1km) targets prospective for large gold deposits will also be investigated. Further drilling is also being planned to test both the gold and silver potential of the 600m strike extension of the Mt Jumbo structure from E38/3100 onto E38/3127.

NEW TENEMENTS AND BACKGROUND

The Leonora-Laverton district is well endowed with world-class gold deposits. A regional study by the Company has so far identified a total of 10 Project areas totaling 375 sq. km (Fig.1) that have the potential to host large scale deposits. These tenements are within 50km of existing gold operations, opening the possibility for toll treating.

The Gold tenements now held by Magnetic include: Mt Jumbo E38/3100 and P38/4201 (17 sq.km); Mt Jumbo East P38/4317-24 (11.5sq.km); Mt Ajax E38/3209 (4sq.km); Kowtah P39/8694-8697 and P39/5617 (9 sq. km); Hawks Nest E38/3127 (144 sq. km); Hawks Nest East E38/3205 (11sq.km); Mertondale E37/1258 (81sqkm); Christmas Well P37/8687-8694 (14sq.km); Nambi E37/1303 (27sq.km); Raeside E37/1304 (24 sq. km);

Raeside East P37/8905-08 (7sq.km); Braiser P37/8909-12 (8sq.km); Trigg P37/8913-21 (16sq.km).

The objective of Magnetic Resources' gold exploration program is to identify large gold deposits of 1Moz or greater utilising the geological and geophysical characteristics of the known surrounding deposits. This belt is well endowed with over 34Moz (mined plus resources) being second to the Kalgoorlie region in WA.

Many large deposits (Fig.1) are present including: Wallaby (>7.1Moz mined plus resource), Sunrise Dam (>10Moz mined), Granny Smith (>2Moz mined), Gwalia (7.3Moz mined plus resource), Westralia (2.4Moz mined plus resource) and Jupiter (1.3Moz mined resource). The Mt Jumbo and Hawks Nest tenements are only 10km and 20km north of the Wallaby deposit respectively.

Work planned by the Company will be focused on extensions of any known mineralised zones within the tenements identified by previous exploration, and on large scale localised features identified by geological and geophysical interpretation, that are prospective for large scale deposits which appear to be largely untested.

Initial work over targets identified is expected to include gold soil geochemistry and ground magnetics, which in some cases can identify near surface mineralisation. The Company will also examine the effectiveness of any historical work including assessment of whether the drill depth was adequate.

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COMPETENT PERSON'S STATEMENT

Information in this report that relates to Exploration is based on information reviewed or compiled by George Sakalidis BSc (Hons) who is a member of the Australasian Institute of Mining and Metallurgy. George Sakalidis is a director of Magnetic Resources NL. He has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he is undertaking to qualify as a Competent Person as defined in the 2012 edition of the 'Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves'. George Sakalidis consents to the inclusion of this information in the form and context in which it appears in this report.