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FOUR LARGE TARGETS DEFINED INCLUDING A WIDE SHALLOW OPEN DRILLING TARGET AT HN3 AT HAWK NEST

HIGHLIGHTS

- **Shallow-dipping gold mineralized shear zone at HN3 is open both to the north and south and a drilling programme is planned to test this 150m-wide zone over a 500m length. There are 52 intercepts with more than 0.5g/t Au and 18 intercepts with more than 1g/t Au, generally being 1 to 4m thick with the highest value of 1m @ 13g/t Au from 22m in hole HNRC007.**

- **At the HN5 target a 750m-long N–S target zone has been defined by rock chip sampling with grades between 0.04 to 3.8g/t Au, RAB drilling and some RC drilling. A programme of soil sampling is being carried out over this target area as well as the adjoining Emerald workings to define anomalous gold targets within this 750m-long target.**

- **Rock chip sampling at HN4 has shown highly anomalous values ranging from 0.07 to 51.7g/t Au within two cherty ironstone (BIF) horizons, one of which has been traced intermittently for about 750m with evidence of old prospecting pits along its length. Eight of the 17 samples had over 1g/t Au (Figure 4). Further infill soil sampling is currently being carried out.**

- **At HN6 a 1.5km-long arcuate magnetic trend with some old gold diggings has anomalous gold in the range 0.06 to 0.70g/t Au recorded in amphibolite. A programme of soil sampling over the target zone is in progress.**

Magnetic has completed a programme of RC drilling (13 holes for 1,900m) and shallow vertical RAB drilling (150 holes, 1,581m) on geophysical and geological targets at its Hawks Nest exploration licence (E38/3127) approximately 15km SW of Laverton. The target areas and drilling locations are summarized in Figure 1 and Appendix 1 with the drilling results summarized in Tables 1 and 2 and as follows. Soil sampling

programmes are currently underway on targets HN4, 5 and 6. Further drilling is planned at target HN3 to extend the mineralized zone to the north and south.

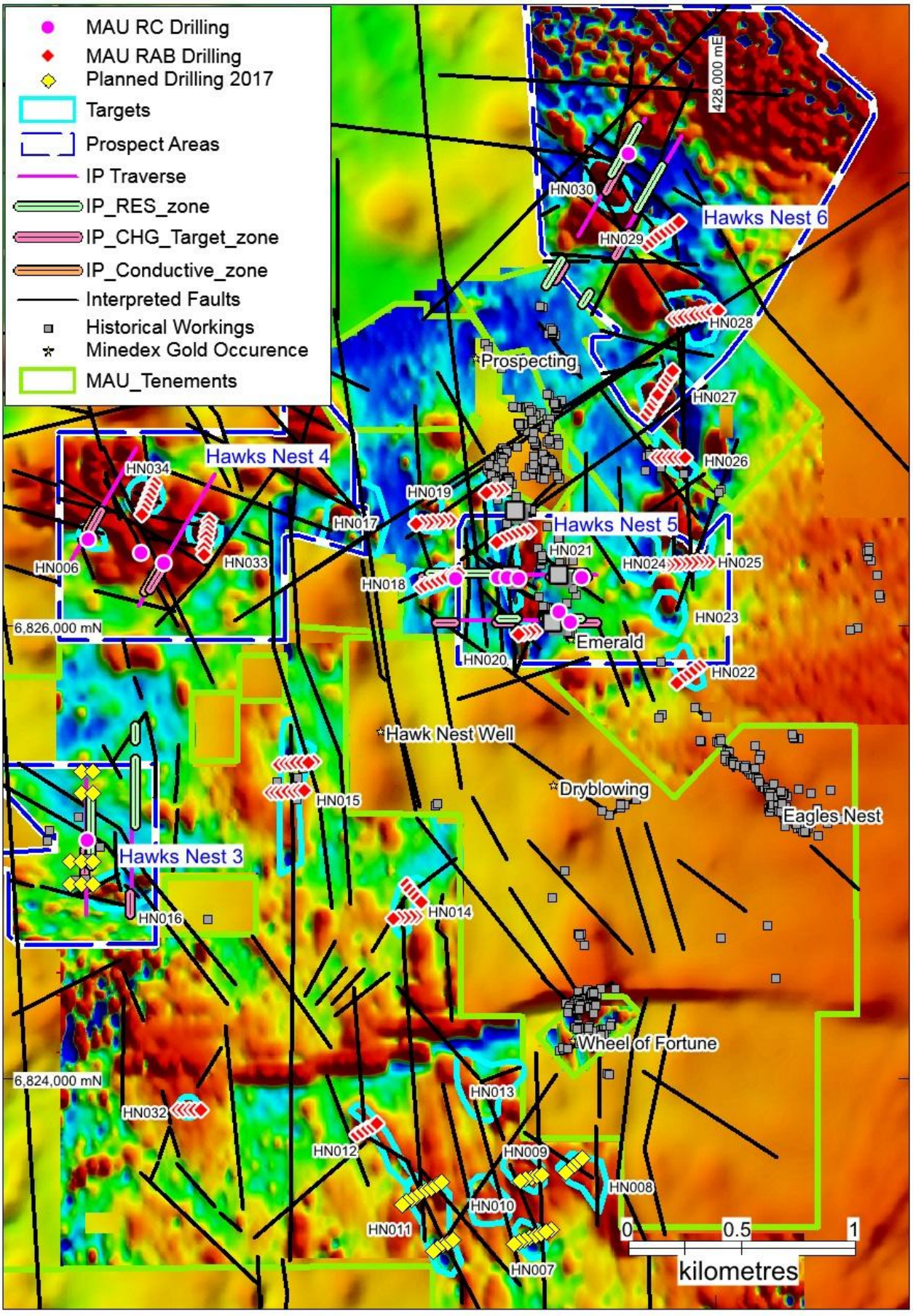

Figure 1. Hawks Nest E38/3127 Ground magnetics and Prospects HN3 to HN6

Hawks Nest 3

Drill hole MHNRC02 was targeted at an IP chargeability anomaly in an area of historical drilling with shallow gold intersections. Rock types evident from previous drilling include meta-sediment (including carbonaceous shale), porphyry and carbonate rock.

MHNRC02 intersected a sequence of meta-sediment, carbonate rock and porphyry. Intersections include 3m @ 0.88g/t Au from 33m and anomalous 4m intervals with more than 0.1g/t Au as shown in Table 1.

3D modelling of these results with the historical drilling indicates a shallow (20 to 30m depth) N-trending 150m-wide mineralized shear zone dipping shallowly (10°-20°) to the west over a 150m strike length. Historical drilling to the north and south appears to have been far too shallow to intersect this interpreted mineralized position.

There are 52 intercepts with more than 0.5g/t Au and 18 intercepts with more than 1g/t Au, generally being 1 to 4m thick with the highest value of 1m @ 13g/t Au from 22m in hole HNRC007 (Table 3).

Further drilling is being planned to test for extensions to the mineralization over a 500m strike length shown in green in Figure 2.

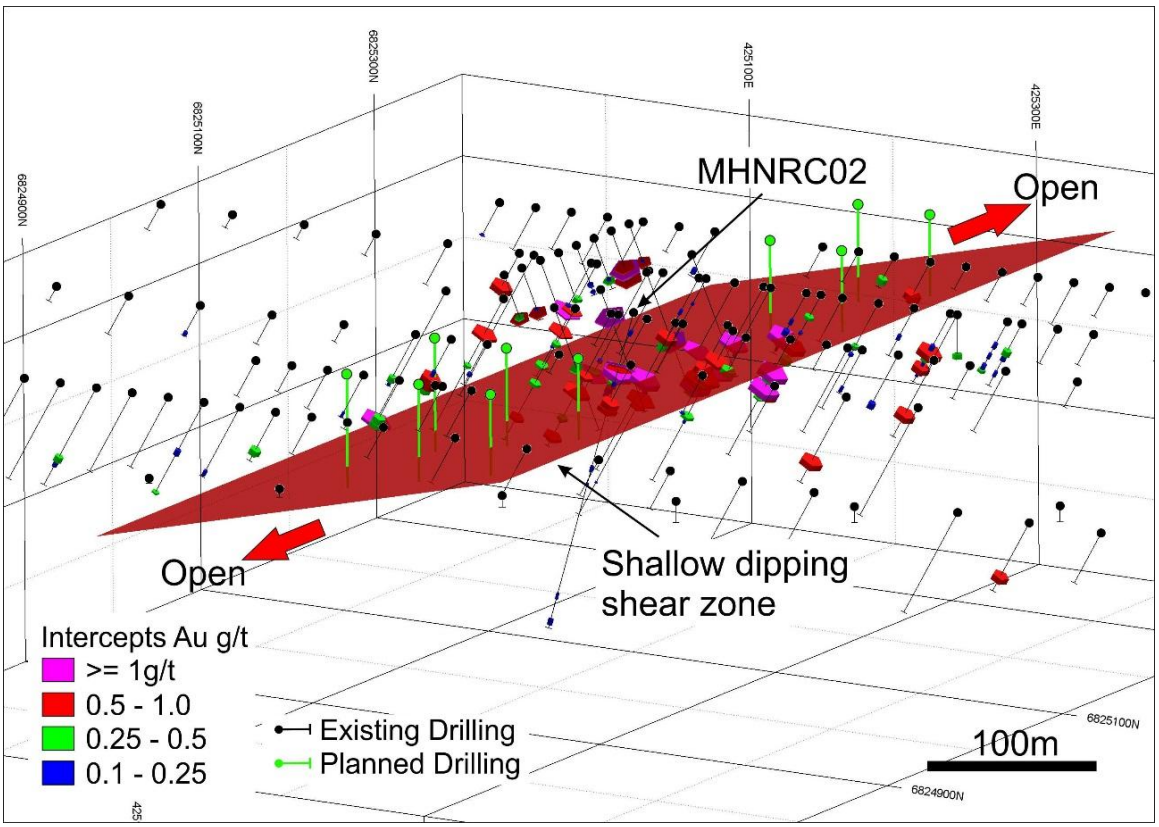

Figure 2. Hawks Nest E38/3127 HN3 Perspective plot of historical drilling showing shallow shear zone and gold mineralization being open to the north and south

Hawks Nest 5

This area comprises the Emerald workings, a series of NW-trending gold diggings over a 200m strike length which intersect and sinistrally displace a N–S trending magnetic anomaly flanked by a pronounced linear magnetic low about 750m in length. Rock sampling of old gold diggings along this 750m zone has returned values ranging from 0.41 to 3.88 g/t Au (Figure 3). Some of these gold values occur in a magnetite-bearing amphibolite interpreted to underlie adjacent porphyry outcrops, which is thought to be the cause of the linear magnetic high.

RC drill holes MHNRC03, 04 and 05 tested this magnetic target, intersecting a sequence of basalt and porphyry with several 4m intercepts of anomalous gold in the range 0.1 to 0.2 g/t Au (Table 1). Drill holes MHNRC07 and 08 were targeted on IP chargeability anomalies, again intersecting a sequence of basalt-intruded porphyry with several 4m intercepts, mainly in porphyry, in the range 0.1 to 0.2 g/t Au (Table 1). The cause of the IP anomalies is not yet clear. Two drill holes were targeted on the down-dip extension of the Emerald workings. MHNRC19 intersected 1m @ 2.11g/t Au from 18m in a quartz vein in basalt and 1m @ 0.43g/t Au from 39m in basalt. MHNRC20 intersected 4m @ 0.1g/t Au from 74m in porphyry.

Three traverses of shallow geochemical RAB holes were drilled across the target zone, intersecting anomalous gold values in the range 58 to 104ppb Au. Additional RAB traverses across the western IP chargeability anomaly and over a magnetic anomaly to the north did not intersect anomalous gold (Figure 3).

A programme of soil sampling is being carried out over the main 750m-long N–S target structure and over adjacent areas of the old Emerald diggings areas to identify additional potential drilling targets.

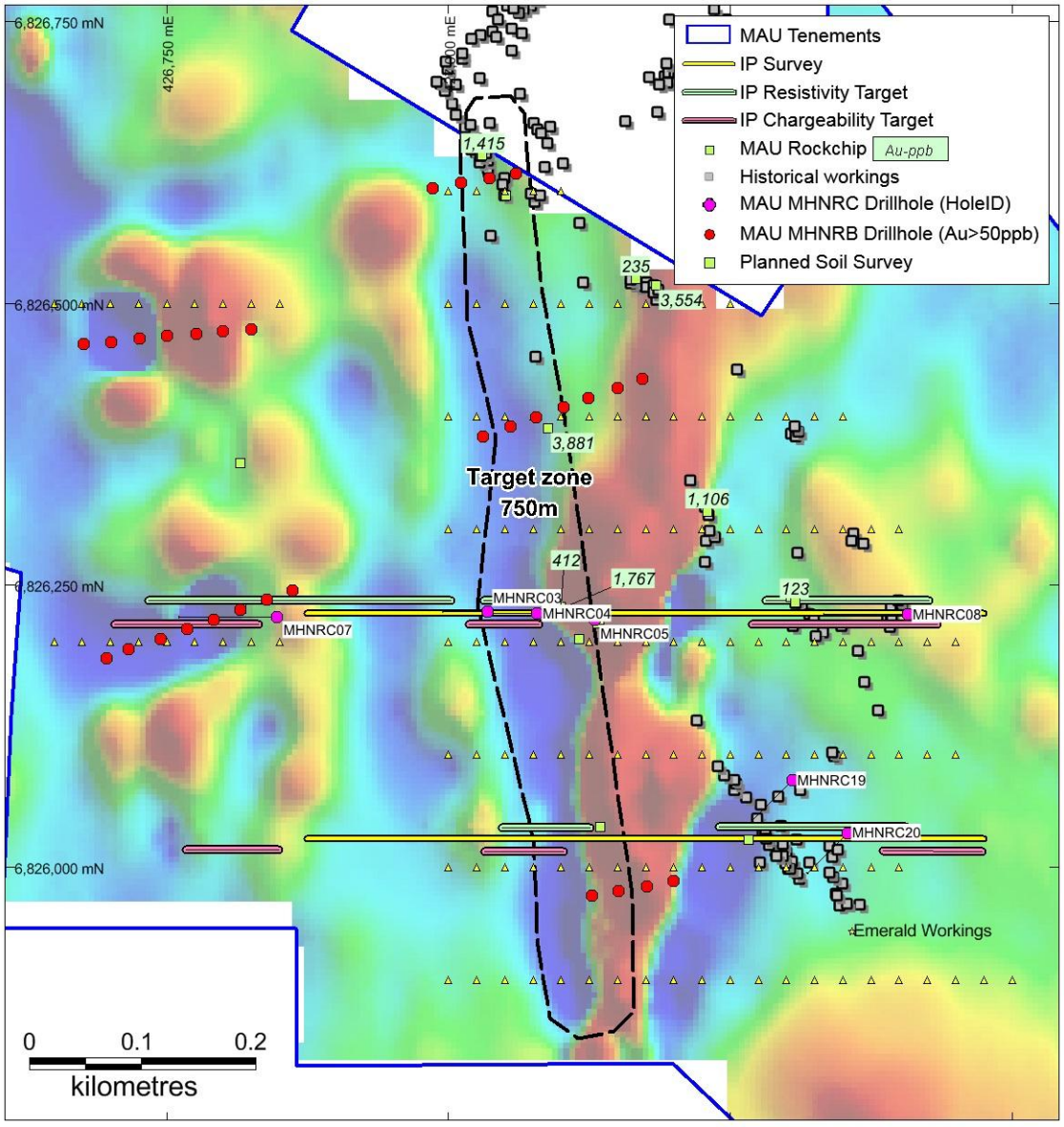

Figure 3. Hawks Nest E38/3127 HN5 target area on ground magnetics with current RAB and RC drilling and 750m target zone and proposed soil sampling programme

Hawks Nest 4

This prospect comprises an irregular magnetic anomaly approximately 700m x 500m in area with historical gold diggings and drilling. Sampling of old diggings and quartz-ironstone outcrops (possible deformed BIF) has returned gold values ranging from 72ppb to 51.7g/t Au. Wide-spaced historical soil sampling (200m x 100m) has outlined a gold-in-soil anomaly coinciding with the magnetic anomaly and old gold diggings.

Drill hole MHNRC01 was targeted at an IP chargeability anomaly on the SW margin of the magnetic anomaly (Figure 4). A sequence of basalts intruded by porphyries were encountered; however, there were no significant gold intersections. Disseminated pyrrhotite in the basalts appears to explain the IP anomaly.

Drill holes MHNRC16 and 17 (Figure 4) were targeted at the down dip extension of the gold diggings (the historic drilling is interpreted to have been drilled in the wrong direction and parallel to the dip of mineralised quartz-ironstone). Both holes failed to intersect significant gold mineralisation.

Geological mapping has identified at least two cherty ironstone (BIF) horizons, one of which has been traced intermittently for about 750m with evidence of old prospecting pits along its length (Figure 4). Rock chip sampling has shown highly anomalous values ranging from 0.071 to 51.7g/t Au. Eight of the 17 samples had over 1g/t Au (Figure 4).

Infill soil sampling is currently being carried out to better define the geochemical gold anomaly and to clarify the geological structure, which appears to be complex prior to further drilling.

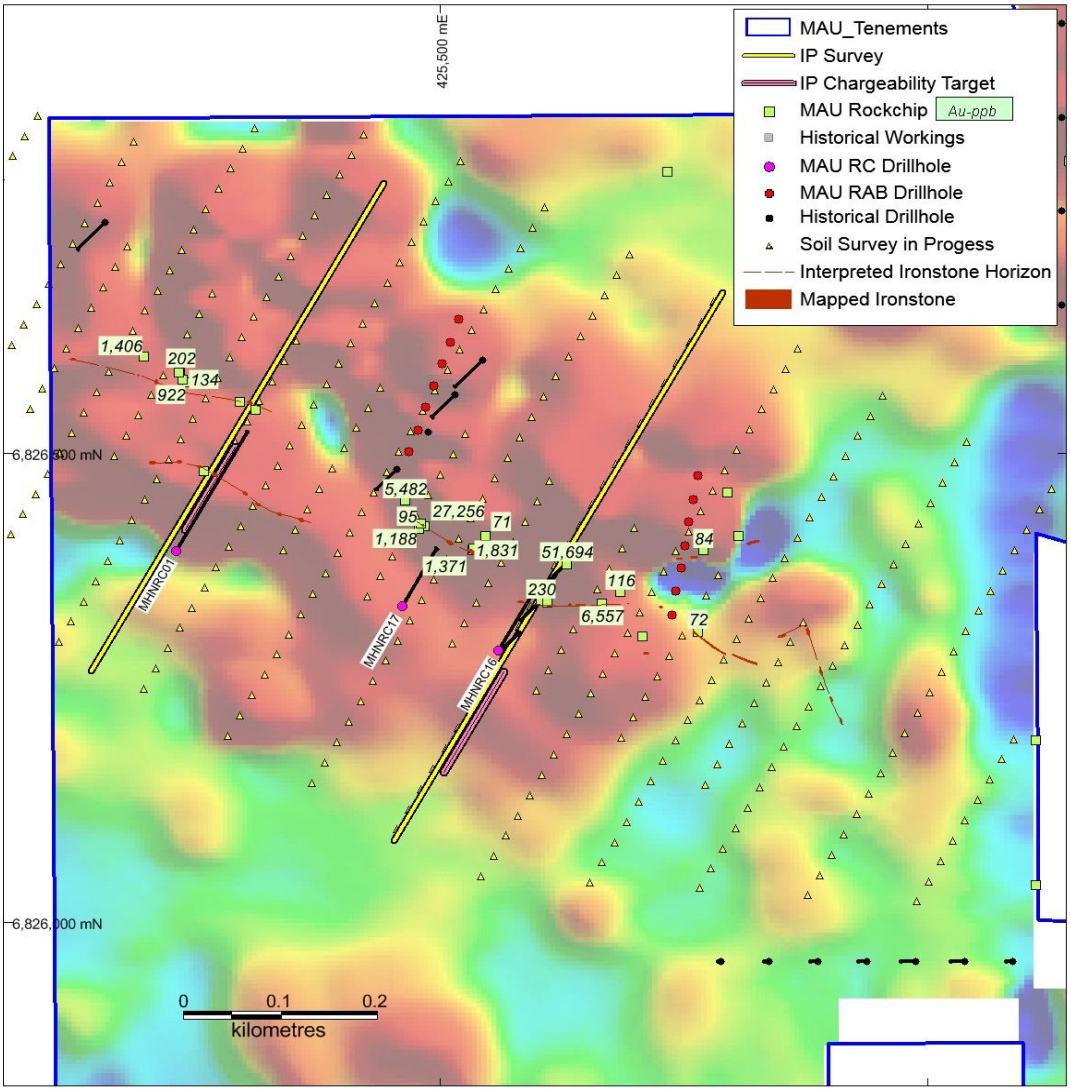

Figure 4. Hawks Nest E38/3127 HN4 target area on ground magnetics showing anomalous rock chip samples and newly mapped quartz ironstone

Hawks Nest 6

This prospect comprises a 1.5km-long arcuate magnetic trend with some old gold diggings. Drill hole MHNRC15 was targeted on an IP chargeability anomaly at the northern end of this trend, intersecting a sequence of basalt intruded by porphyry, with one anomalous 4m intercept of 0.16g/t Au from 170m in porphyry. Wide-spaced shallow geochemical traverses were carried out over selected magnetic targets with anomalous gold in the range 0.06 to 0.70g/t Au recorded in amphibolite in several locations (Figure 5). The RAB drilling indicates a shallow in situ regolith suitable for soil sampling**. A programme of soil sampling over the target zone is in progress to help better refine future gold drill targets along this 1.5km long trend.**

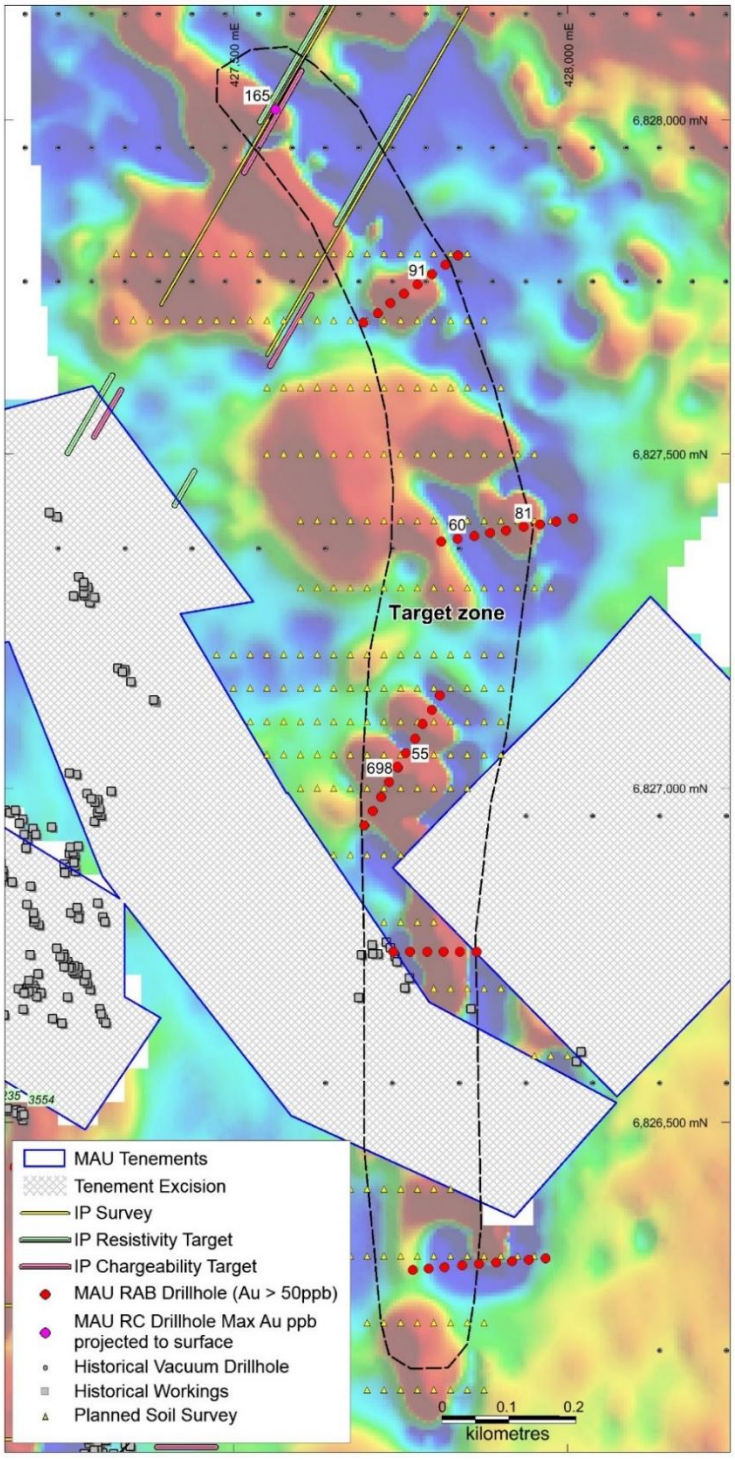

Figure 5. Hawks Nest E38/3127 HN6 target area on ground magnetics current RAB and RC drilling and planned soil programme

Hawks Nest 7

This prospect is situated at the northern end of E38/3127 and comprises a mafic–ultramafic contact previously explored for nickel. Historical drill hole LJA0035 intersected 2m @ 110g/t Au from 38m in an interpreted shear zone on this contact (refer MAU ASX release 18 April 2016 for details) and is recorded as the Marabou gold occurrence. Weakly anomalous gold in the range 42 to 68 ppb Au was intersected in scout vertical RAB drilling over a 4m interval in holes MHNRAB128, 129, 134 and 138. (Figure 6). Further RAB drilling is planned on this shear zone to investigate the extent of the mineralization intersected in hole LJA0035.

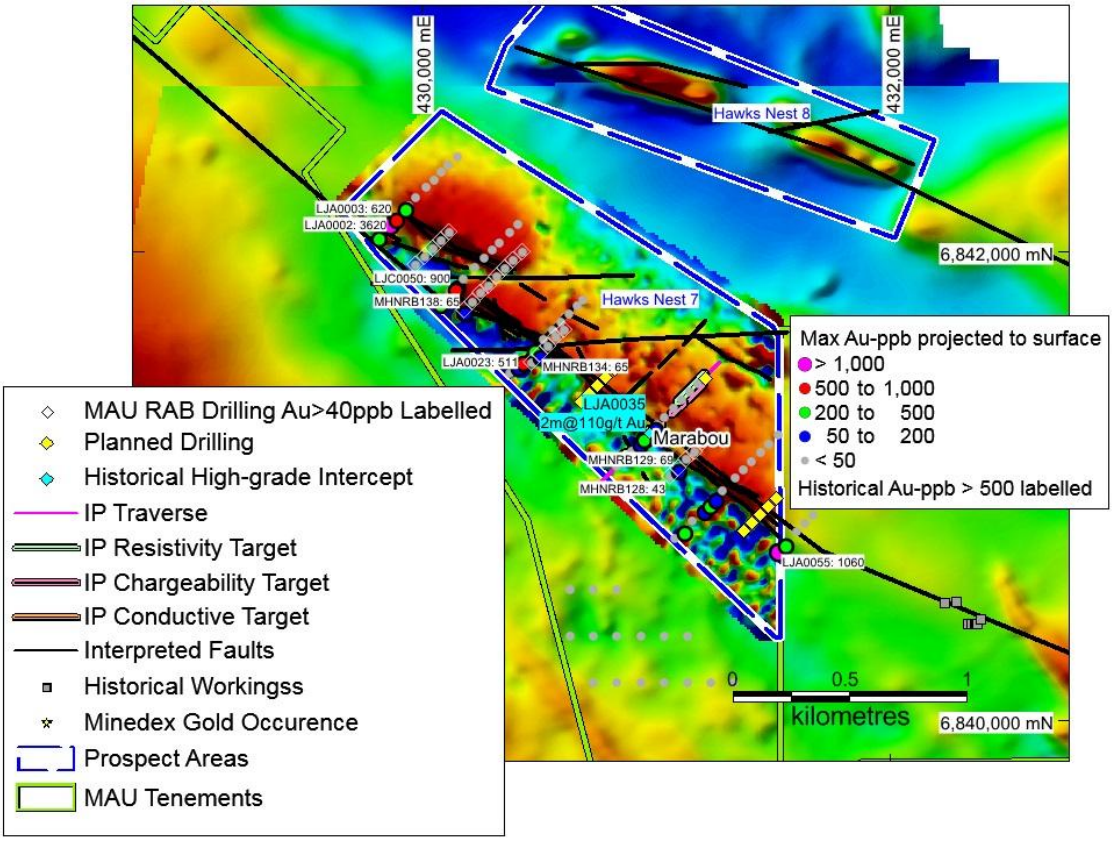

Figure 6. Hawks Nest E38/3127 HN7 (Marabou) target area on ground magnetics showing RAB drilling and historical high-grade intercept

Other Hawks Nest Targets

Wide-spaced shallow scout vertical RAB drilling was carried out over magnetic targets at HN007, HN008, HN009, HN011, HN012, HN014 and HN015 (Figure 1). Results were generally low except for anomalous gold values in MHNRB097 (53ppb Au) and MHNRB099 (214ppb Au) at target HN015; and HNRB133 (88ppb Au) at target HN014. These results are being followed up in the field.

Mt Jumbo Shear Zone

One drill hole, MMJRC05, was drilled on the SW strike extension of the Mt Jumbo shear zone (refer to MAU March 2017 Quarterly Report for details of Magnetics' previous drilling). The hole was targeted to test down dip of historical intersections of 15m @ 2.4g/t Au from 94m in hole AXC013 and 3m @ 9.1g/t Au from 138m in hole AXC014 (Figure 7). The hole intersected mafic rocks to 171m and then a sequence of shale (including carbonaceous shale) and cherty ironstone from 171 to 221m, above a footwall ultramafic before being terminated at 229m.

Best intersection in 4m composite samples was 4m @ 1.07g/t Au from 180m in ferruginous clay, cherty ironstone and carbonaceous shale (Table 1). The interval from 184m to 216m contained anomalous gold in the range 0.03 to 0.32g/t Au.

High water flows were encountered in the target zone which, combined with broken ground conditions, resulted in poor sample recoveries ranging from 20 to 50%, with much of the ferruginous clayey material being washed away leaving mainly chert. The loss of the ferruginous material could potentially result in the underestimation of the gold grade. Several 1m samples from the target zone 180–221m are currently being assayed.

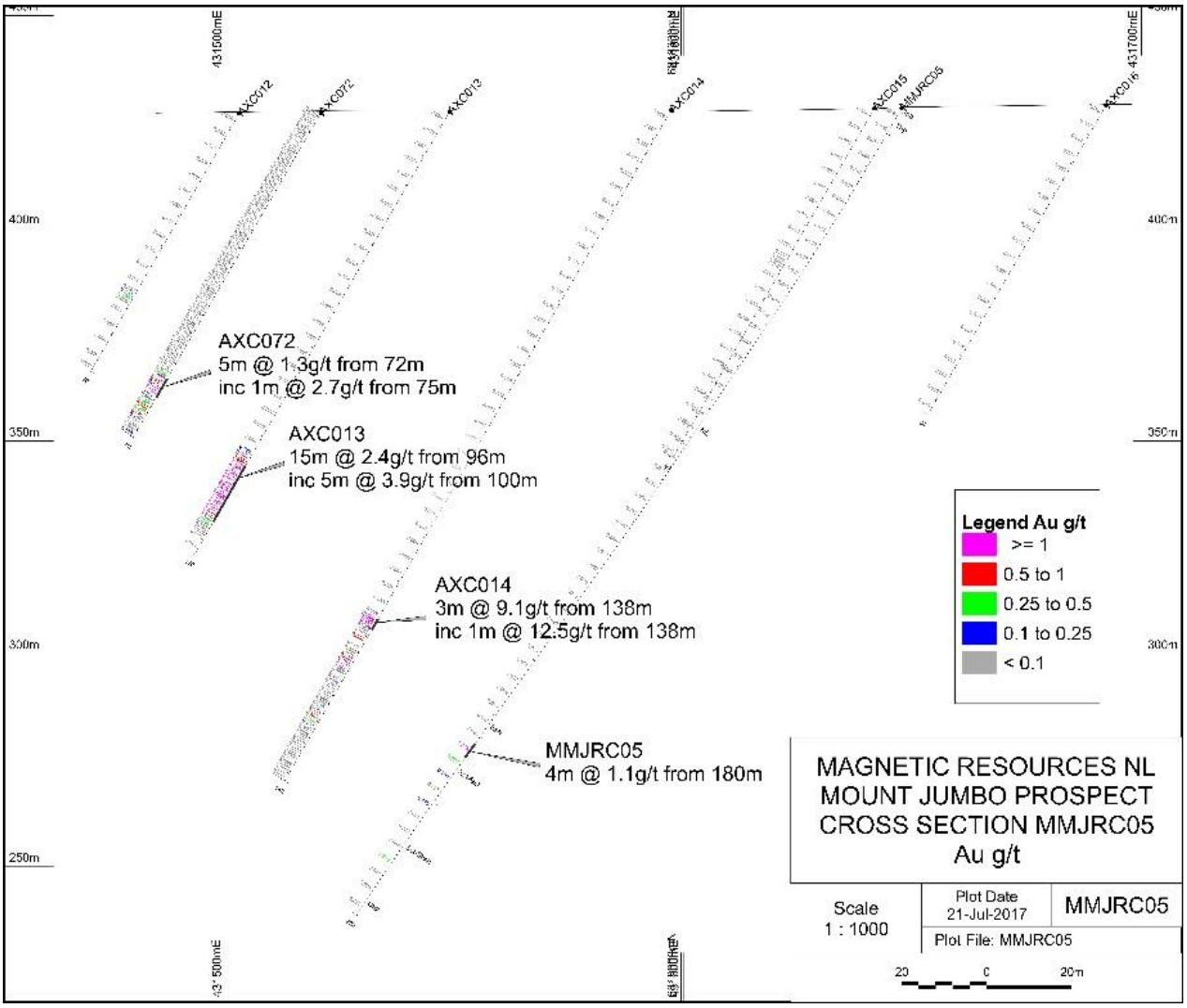

Figure 7 – Hawks Nest E38/3127 MMJRC05 Drill Section with historical drilling

Table 1. Hawks Nest E38/3127 Magnetic Resources NL's RC drilling showing anomalous gold intercepts

Drillhole Number	Prospect	From m	To m	Intercept	Au g/t
MHNRC01	HN4				nsi
MHNRC02	HN3	33	36	3	0.88
		44	48	4	0.15
		56	60	4	0.11
		96	100	4	0.11
		104	108	4	0.26
		176	180	4	0.10
		192	196	4	0.17
MHNRC03	HN5	0	4	4	0.16
		16	20	4	0.10
		36	40	4	0.11
		64	68	4	0.10
MHNRC04	HN5	4	8	4	0.19
		60	64	4	0.12
		72	76	4	0.17
MHNRC05	HN5	20	24	4	0.20
		48	56	8	0.15
MHNRC07	HN5	12	16	4	0.18
MHNRC08	HN5	8	12	4	0.20
		40	44	4	0.11
		60	64	4	0.11
		116	120	4	0.16
MHNRC15	HN6	188	192	4	0.16
MHNRC16	HN4				nsi
MHNRC17	HN4				nsi
MHNRC19	HN5	18	19	1	2.11
		39	40	1	0.43
		48	52	4	0.12
		56	60	4	0.15
MHNRC20	HN5	76	80	4	0.10
MMJRC05	MJS	180	184	4	1.07

4m composite samples; nsi: no significant intersection

Table 2. Hawks Nest E38/3127 Anomalous (Au>= 40ppb) RAB Intercepts

Prospect	Hole_Id	East	North	From	To	Gold
		MGAz51	MGAz51	Metres	Metres	ppb
Hawks Nest 6	MHNRB020	427746	6827031	0	4	699
Hawks Nest 6	MHNRB021	427758	6827052	0	4	55
Hawks Nest 6	MHNRB021	427758	6827052	4	8	50
Hawks Nest 6	MHNRB028	427835	6827373	8	11	60
Hawks Nest 6	MHNRB032	427934	6827391	0	4	81
Hawks Nest 6	MHNRB032	427934	6827391	4	5	41
Hawks Nest 6	MHNRB040	427775	6827754	0	3	91
Hawks Nest 5	MHNRB052	427151	6825979	0	3	85
Hawks Nest 5	MHNRB053	427127	6825975	0	4	58
Hawks Nest 5	MHNRB054	427172	6826433	0	2	48

Hawks Nest 5	MHNRB058	427078	6826399	4	6	62
Hawks Nest 5	MHNRB061	427060	6826615	16	20	54
Hawks Nest 5	MHNRB061	427060	6826615	20	22	104
Hawks Nest 5	MHNRB066	426800	6826475	0	4	43
Hawks Nest 5	MHNRB070	426701	6826466	0	4	41
Hawks Nest 3East	MHNRB097	426059	6825276	20	24	53
Hawks Nest 3East	MHNRB099	426109	6825280	0	4	48
Hawks Nest 3East	MHNRB099	426109	6825280	24	26	214
Hawks Nest 3East	MHNRB123	426675	6824729	16	20	88
Hawks Nest 7	MHNRB128	431063	6841038	36	40	43
Hawks Nest 7	MHNRB129	431101	6841073	24	28	69
Hawks Nest 7	MHNRB129	431101	6841073	28	29	60
Hawks Nest 7	MHNRB134	430507	6841561	12	16	42
Hawks Nest 7	MHNRB134	430507	6841561	16	20	65
Hawks Nest 7	MHNRB134	430507	6841561	20	24	42
Hawks Nest 7	MHNRB134	430507	6841561	24	28	49
Hawks Nest 7	MHNRB134	430507	6841561	28	32	44
Hawks Nest 7	MHNRB138	430185	6841748	16	20	65
Hawks Nest 7	MHNRB138	430185	6841748	20	24	54

Table 3. Hawks Nest E38/3127 HN3 Historical Anomalous (Au≥ 0.5g/t) RC/RAB Intercepts

Hole_Id	Easting	Northing	From	To	Gold
	MGAz51	MGAz51	Metres	Metres	ppm
98MERB0432	424538	6825074	30	31	0.58
HNB001	425108	6825126	35	36	0.63
HNB002	425108	6825147	36	37	0.60
HNB007	425108	6825245	29	30	0.66
HNB007	425108	6825246	31	32	1.20
HNB007	425108	6825250	38	39	0.92
HNB008	425108	6825266	31	32	0.56
HNRC007	425177	6825117	22	23	13.00
HNRC008	425179	6825183	56	57	1.00
MHNRC02*	425223	6825050	34	35	1.33
MHNRC02*	425223	6825049	35	36	0.85
TFB021	425667	6824758	40	44	0.54
TFB034	425271	6825158	32	36	1.09
TFB035	425373	6825158	28	32	0.83
TFB035	425367	6825158	40	44	0.58
TFB072	425075	6825158	24	28	0.72
TFB073	425120	6825158	36	37	1.60
TFB074	425190	6825158	44	48	0.68
TFB075	425212	6825158	52	53	3.63
TFB094	425300	6825258	24	28	0.57
TFB102	425217	6825058	40	44	1.01
TFB104	425271	6825068	32	36	0.67
TFB104	425267	6825068	40	44	0.97
TFB104	425265	6825068	44	48	1.02
TFB106	425325	6825058	24	28	1.50
TFB106	425319	6825058	36	40	1.48
TFB110	425417	6825058	40	44	0.67

TFB127	425148	6824958	28	32	0.66
TFB127	425146	6824958	32	36	0.58
TFB130	425273	6824958	28	32	0.59
TFB130	425271	6824958	32	35	0.66
TFB133	425413	6824958	48	52	0.73
TFC002	425124	6825158	35	36	0.70
TFC002	425116	6825158	51	52	0.83
TFC003	425138	6825158	79	80	4.55
TFC004	425172	6825158	92	93	0.98
TFC004	425169	6825158	97	98	0.51
TFC005	425236	6825158	42	44	3.39
TFC005	425225	6825158	64	66	2.24
TFC006	425278	6825158	38	42	0.82
TFC006	425259	6825158	76	78	0.66
TFC008	425048	6825058	98	100	1.16
TFC009	425124	6825058	26	28	0.85
TFC010	425146	6825058	82	84	0.50
TFC011	425194	6825058	46	48	0.52
TFC011	425188	6825058	58	60	0.91
TFC011	425171	6825058	92	94	0.62
TFC012	425236	6825058	42	44	2.02
TFC012	425235	6825058	44	46	1.27
TFC013	425286	6825058	22	24	0.86
TFC013	425279	6825058	36	38	0.87
TFC014	425325	6825058	24	26	1.02

*Magnetic Resources NL current programme.

Appendix 1 - RC Drilling Summary

HoleID	Depth m	RL	Azi	Dip	MGAz51_East	MGAz51_North	Target
MHNRC01	228	434	30	-50	425229	6826396	HN4
MHNRC02	198	418	180	-60	425223	6825067	HN3
MHNRC03	80	440	270	-60	427035	6826227	HN5
MHNRC04	90	441	270	-60	427079	6826225	HN5
MHNRC05	98	441	270	-60	427130	6826219	HN5
MHNRC07	174	437	270	-60	426848	6826222	HN5
MHNRC08	150	439	270	-60	427408	6826224	HN5
MHNRC15	222	423	210	-60	427610	6828098	HN6
MHNRC16	120	436	30	-50	425560	6826290	HN4
MHNRC17	111	435	30	-50	425461	6826337	HN4
MHNRC19	100	444	225	-60	427305	6826077	HN5
MHNRC20	100	444	225	-60	427354	6826030	HN5
MMJRC05	229	428	290	-60	431650	6818280	MJS
Total	**1900**						

For more information on the company visit www.magres.com.au

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The information in this report is based on information 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. George Sakalidis 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.

JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
Sampling techniques	• *Nature and quality of sampling (eg cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc). These examples should not be taken as limiting the broad meaning of sampling.* • *Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.* • *Aspects of the determination of mineralisation that are Material to the Public Report. In cases where 'industry standard' work has been done this would be relatively simple (eg 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (eg submarine nodules) may warrant disclosure of detailed information.*	• The targets at Hawks Nest have been tested by RC and RAB drilling. For RC sampling, a 1 metre split is taken directly from a cone splitter mounted beneath the rig's cyclone. The cyclone and splitter are cleaned regularly to minimize contamination. For RAB sampling, 1m samples are laid out in 10m rows on the ground. • Sampling and QAQC procedures are carried out using Magnetic's protocols as per industry sound practice. • RC drilling was used to obtain bulk 1 metre samples from which composite 4m samples were prepared by spear sampling of the bulk 1m samples. 3kg of the composite sample was pulverized to produce a 50g charge for fire assay for gold. The assay results of the composite samples is used to determine which 1m samples from the rig's cyclone and splitter are selected for fire assay using the same method. Composite 4m samples were prepared from the 1m RAB drill samples by trowel sampling to produce a 2-3kg sample for pulverizing to produce a 10g charge for ICPMS determination of gold and pathfinder elements.
Drilling techniques	• *Drill type (eg core, reverse circulation, open-hole hammer, rotary air blast, auger, Bangka, sonic, etc) and details (eg core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc).*	• Reverse circulation (RC) drilling was carried out using a face sampling hammer with a nominal diameter of 140mm. RAB drilling was carried out using a blade bit.

Criteria	JORC Code explanation	Commentary
Drill sample recovery	• *Method of recording and assessing core and chip sample recoveries and results assessed.* • *Measures taken to maximise sample recovery and ensure representative nature of the samples.* • *Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.*	• RC and RAB sample recoveries are visually estimated qualitatively on a metre basis. • Various drilling additive (including muds and foams) have been used to condition the RC holes to maximize recoveries and sample quality. • Insufficient drilling and geochemical data is available at the present stage to evaluate potential sample bias. Drill samples are sometimes wet which may result in sample bias because of preferential loss/gain of fine/coarse material.
Logging	• *Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.* • *Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.* • *The total length and percentage of the relevant intersections logged.*	• Lithology, alteration and veining is recorded and imported into the Magnetic Resources central database. The logging is considered to be of sufficient standard to support a geological resource. • Logging of RC drill holes records lithology, mineralogy, mineralisation, weathering and colour, and is qualitative in nature. • All drill holes were logged in full.
Sub-sampling techniques and sample preparation	• *If core, whether cut or sawn and whether quarter, half or all core taken.* • *If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.* • *For all sample types, the nature, quality and appropriateness of the sample preparation technique.* • *Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.* • *Measures taken to ensure that the sampling is representative of the in situ material collected, including for instance results for field duplicate/second-half sampling.* • *Whether sample sizes are appropriate to the grain size of the material being sampled.*	• RC samples are cyclone split to produce a 2-3kg sample. 4m composite samples are prepared by tube sampling bulk 1m samples. • RAB samples are trowel sampled by hand to produce a 4m composite sample. • No field duplicates were taken. • Sample sizes are appropriate for the grain size being sampled.
Quality of assay data and laboratory tests	• *The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.* • *For geophysical tools, spectrometers, handheld XRF instruments, etc, the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc.* • *Nature of quality control procedures adopted (eg standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (ie lack of bias) and precision have been established.*	• RC samples are assayed using a 50g charge and a fire assay method with an AAS finish which is regarded as appropriate. The technique provides an estimate of the total gold content. • RAB samples are analysed using a 10g charge, aqua regia digestion and ICPMS determination for gold and pathfinder elements, which is a partial method but considered appropriate for weathered and oxidized material. • Industry standard standards and duplicates are used by the NATA registered laboratory conducting the analyses.

Criteria	JORC Code explanation	Commentary
Verification of sampling and assaying	• *The verification of significant intersections by either independent or alternative company personnel.* • *The use of twinned holes.* • *Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.* • *Discuss any adjustment to assay data.*	• No independent verification of intersections has been carried out. • No twin holes have been drilled. • Primary data is entered into an in-house database and checked by the database manager. • No adjustment of assay data other than averaging of repeat and duplicate assays
Location of data points	• *Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation.* • *Specification of the grid system used.* • *Quality and adequacy of topographic control.*	• Drill collars and rock samples located by hand held GPS with an accuracy of +/- 5m. • Grid system: GDA94 • Topographic control using regional DEM data.
Data spacing and distribution	• *Data spacing for reporting of Exploration Results.* • *Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.* • *Whether sample compositing has been applied.*	• Refer to text.
Orientation of data in relation to geological structure	• *Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.* • *If the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias, this should be assessed and reported if material.*	• Variable orientation of data to geological structure may in some cases result in sample bias.
Sample security	• *The measures taken to ensure sample security.*	• Samples stored in a locked shipping container prior to transshipment to the laboratory in Perth.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• No audits or reviews carried out.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *Type, reference name/number, location and ownership including agreements or material issues with third parties such as joint ventures, partnerships, overriding royalties, native title interests, historical sites, wilderness or national park and environmental*	• Granted exploration licence E38/3127 is held by Magnetic Resources and situated on pastoral leases. • Security of tenure is good with no known impediments to obtaining a licence to operate.

Criteria	JORC Code explanation	Commentary
	settings. • *The security of the tenure held at the time of reporting along with any known impediments to obtaining a licence to operate in the area.*	
Exploration done by other parties	• *Acknowledgment and appraisal of exploration by other parties.*	• The Hawks Nest area has been subject to various exploration programmes for gold and nickel by other parties including Placer Exploration, Normandy Mining, Metex Resources, Focus Minerals, Exodus Minerals.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The local geology comprises an Archean greenstone sequence of sediments, basalt, dolerite and BIF intruded by quartz and quartz-feldspar porphyries situated in the hinge zone and flanks of the regional Mt Margaret Anticline. Gold mineralization is largely mesothermal shear or fault-hosted style.
Drill hole Information	• *A summary of all information material to the understanding of the exploration results including a tabulation of the following information for all Material drill holes:* ○ *easting and northing of the drill hole collar* ○ *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* ○ *dip and azimuth of the hole* ○ *down hole length and interception depth* ○ *hole length.* • *If the exclusion of this information is justified on the basis that the information is not Material and this exclusion does not detract from the understanding of the report, the Competent Person should clearly explain why this is the case.*	• RC drill hole information is summarized in the text. • RAB drilling is largely shallow vertical holes ranging in depth from 2-4m with a few exceptions to 24m, and is thus little more than a geochemical sample and not summarised in detail other than by reference to anomalous results in the text.
Data aggregation methods	• *In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high grades) and cut-off grades are usually Material and should be stated.* • *Where aggregate intercepts incorporate short lengths of high grade results and longer lengths of low grade results, the procedure used for such aggregation should be stated and some typical examples of such aggregations should be shown in detail.* • *The assumptions used for any reporting of metal equivalent values should be clearly stated.*	• No weighting or cutting of grades has been applied. • No metal equivalents have been used.
Relationship between mineralisation widths and intercept	• *These relationships are particularly important in the reporting of Exploration Results.* • *If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.* • *If it is not known and only the down hole lengths are reported, there*	• At this stage the geometry of the mineralization encountered is not clearly understood. • Down hole lengths are reported as ‘intercept’.

Criteria	JORC Code explanation	Commentary
lengths	*should be a clear statement to this effect (eg 'down hole length, true width not known').*	
Diagrams	• *Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	• Refer to text.
Balanced reporting	• *Where comprehensive reporting of all Exploration Results is not practicable, representative reporting of both low and high grades and/or widths should be practiced to avoid misleading reporting of Exploration Results.*	• Ranges of gold values encountered are reported.
Other substantive exploration data	• *Other exploration data, if meaningful and material, should be reported including (but not limited to): geological observations; geophysical survey results; geochemical survey results; bulk samples – size and method of treatment; metallurgical test results; bulk density, groundwater, geotechnical and rock characteristics; potential deleterious or contaminating substances.*	• Refer to text.
Further work	• *The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).* • *Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.*	• Refer to text.