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## HAWKS NEST 500M GOLD PORPHYRY TARGETS

Soil sampling has identified a **500m-long gold and multi-element geochemical anomaly** at the HN5 area at Hawks Nest (E38/3127) approximately 15km SW of Laverton. The anomaly occurs over part of an extensive felsic porphyry outcrop/scree area west of the Emerald gold diggings (Figure 1) and lies on the western flank of a pronounced linear magnetic low identified in a ground magnetic survey (refer to MAU ASX release of 26 July 2017). **The multi-element anomaly also coincides with a 300m-long zone of quartz veining in the porphyry.** The anomaly remains open to the west and to the south (Figure 2). The northern extension of the porphyry is obscured by soil and alluvium cover.

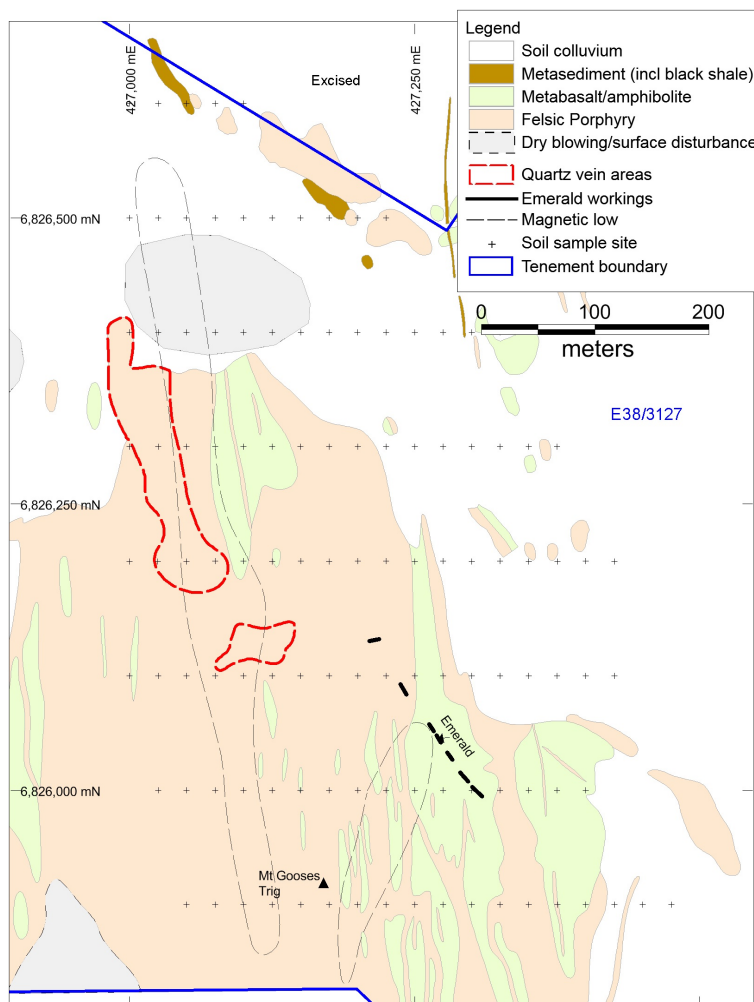


Figure 1 HN5 Area, Geology

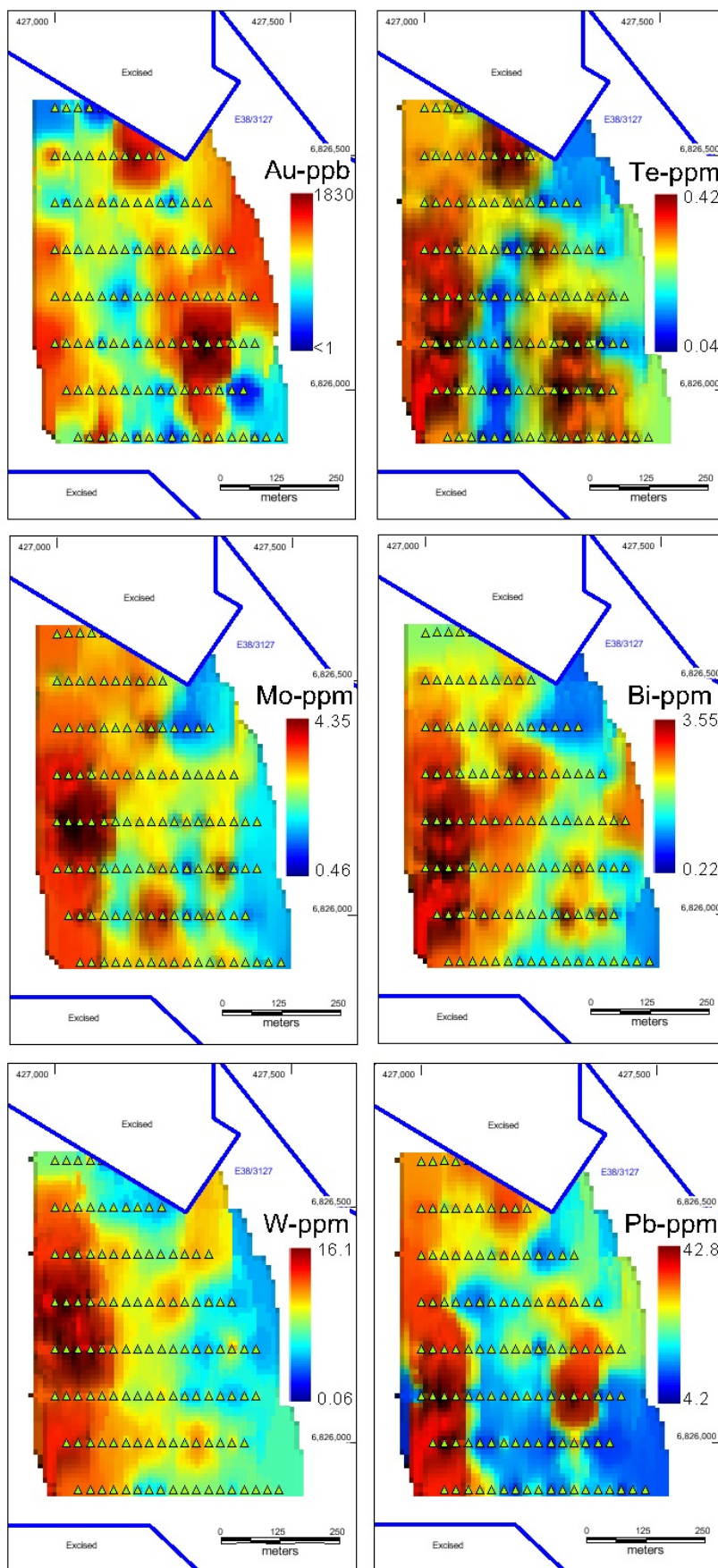


Figure 2 HN5 Area, Soil Geochemistry

The geochemical anomaly is characterised by an Au-Te-Mo-Bi-W-Pb association somewhat similar as that reported to occur at Ramelius Resources' Mt Magnet gold project in the Murchison region (Genesis Minerals, ASX: GRD, ASX release 20 July 2017), where felsic porphyries are being explored for large, low strip ratio gold deposits. Drill holes MHNRC03 and 04 testing a magnetic target zone at HN5, intersected anomalous gold in the range 0.1 to 0.2g/t, mainly in porphyry, in the northern part of the multi-element anomaly (refer to MAU ASX release 26 July 2017). In addition, an Au-Te-Bi-Pb association is also evident in the soil geochemistry just east and north of the Emerald gold diggings at HN5. Further sampling is being planned to assess the significance of this anomaly.

The Hawks Nest area is extensively intruded by felsic porphyries which are normally unmineralised yet another similar Au-Te-Mo-Bi-W-Pb association has been observed in soil sampling over a quartz veined porphyry at Wheel of Fortune, about 2km SSE of HN5. The Hawks Nest area is a well-known prospecting area where eluvial and alluvial gold has been recovered over many years, however the source of these extensive gold occurrences is not clear and may be related to the extensive porphyries as well as to numerous scattered narrow lode gold diggings. Further work, including shallow RAB drilling over selected targets, is being planned to examine the bulk tonnage gold potential of the Hawks Nest porphyries.

Magnetic has also received the results of preliminary soil sampling around the area where prospectors recently reported the discovery of **large gold nuggets** on the company's Mertondale tenement (E37/1258) only 5km west of Kin Mining's Mertondale Deposit (395,000oz) and 20km NW of Kin Mining's Cardinia Deposit (193,000oz) (refer to MAU ASX release 7 August 2017). The sampling has identified a **300m-long +5ppb** gold anomaly (peak 17ppb compared to a background of 2ppb), extending south from the nugget occurrences, open to the south, in an area of extensive laterite cover. Magnetic plans to carry out further soil sampling to define the extent of the anomaly followed by RAB drilling to test for the bedrock source of the nuggets and a Tribute agreement has been signed with the local pastoralist (MAU ASX release 7 August 2017).

For more information on the company visit [www.magres.com.au](http://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 report template

## Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
<b>Sampling techniques</b>	<ul style="list-style-type: none"> <li><i>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.</i></li> <li><i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i></li> <li><i>Aspects of the determination of mineralisation that are Material to the Public Report.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Soils samples of approximately 1-2kg were taken at a depth of 25cm using hand held tools. In total 156 samples were taken on a 100m x 25m spacing at HN5 and 150 samples on a 25m x 25m spacing at Wheel of Fortune. No duplicate samples were taken from HN5.</li> </ul>
<b>Drilling techniques</b>	<ul style="list-style-type: none"> <li><i>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).</i></li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>
<b>Drill sample recovery</b>	<ul style="list-style-type: none"> <li><i>Method of recording and assessing core and chip sample recoveries and results assessed.</i></li> <li><i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Not Applicable.</li> </ul>
<b>Logging</b>	<ul style="list-style-type: none"> <li><i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate</i></li> </ul>	<ul style="list-style-type: none"> <li>The soil samples were not logged.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> <li><i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i></li> <li><i>The total length and percentage of the relevant intersections logged.</i></li> </ul>	
<b>Sub-sampling techniques and sample preparation</b>	<ul style="list-style-type: none"> <li><i>If core, whether cut or sawn and whether quarter, half or all core taken.</i></li> <li><i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i></li> <li><i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i></li> <li><i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i></li> <li><i>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.</i></li> <li><i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i></li> </ul>	<ul style="list-style-type: none"> <li>Prior to the survey an orientation exercise was completed analyzing both -80 mesh and -2mm soil fractions to determine the more representative fraction for that environment. Examination of the orientation analytical results indicated that the -80 mesh fraction was appropriate for the Hawks Nest area. 1-2kg of initial sample was considered adequate to provide a representative sample.</li> </ul>
<b>Quality of assay data and laboratory tests</b>	<ul style="list-style-type: none"> <li><i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i></li> <li><i>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.</i></li> <li><i>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.</i></li> </ul>	<ul style="list-style-type: none"> <li>Samples from HN5 were sieved in the field to produce approximately 250g of minus 80 mesh material. The fine fraction was dispatched to MinAnalytical laboratory in Perth where the samples were analysed using an aqua regia digest and determination of Au (lower limit of detection 1ppb), Ag, As, Bi, Cu, Mo, Ni, Pb, Sb, Te, W and Zn by ICPMS. Aqua regia will dissolve most oxides, sulphides and carbonates but will not totally digest refractory and silicate minerals. In a weathered, oxidized environment aqua regia digestion is considered adequate for exploration purposes. QA/QC measures included repeat analyses and the use of internal lab standards which indicated acceptable levels of accuracy and precision.</li> </ul>
<b>Verification of sampling and assaying</b>	<ul style="list-style-type: none"> <li><i>The verification of significant intersections by either independent or alternative company personnel.</i></li> <li><i>The use of twinned holes.</i></li> <li><i>Documentation of primary data, data entry procedures, data</i></li> </ul>	<ul style="list-style-type: none"> <li>Where duplicate samples were taken the analytical results were averaged. Where samples were checked by fire assay the fire assay result was accepted over the ICPMS result.</li> </ul>



Criteria	JORC Code explanation	Commentary
	<p>verification, data storage (physical and electronic) protocols.</p> <ul style="list-style-type: none"> <li>Discuss any adjustment to assay data.</li> </ul>	
<b>Location of data points</b>	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>Samples were located using a hand held GPS with an accuracy of +- 4m.</li> </ul>
<b>Data spacing and distribution</b>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>Samples from HN5 were taken on 100m x 25m centres. The samples were not composited.</li> </ul>
<b>Orientation of data in relation to geological structure</b>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>There is evidence of a main northerly trend at HN5. Sampling on E-W lines at 25m sample spacing is considered unlikely to introduce a sampling bias.</li> </ul>
<b>Sample security</b>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Samples were stored in a locked freight container in Laverton prior to dispatch to Perth using a commercial freight company.</li> </ul>
<b>Audits or reviews</b>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>The sampling techniques and results have not been subject to audit.</li> </ul>

## Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<b>Mineral tenement and land</b>	<ul style="list-style-type: none"> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>HN5 is situated on exploration licence E70/3127 held by Magnetic Resources NL. The licence is granted with no known impediments to obtaining a licence to operate.</li> </ul>

Criteria	JORC Code explanation	Commentary
<b>tenure status</b>	<p>settings.</p> <ul style="list-style-type: none"> <li>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.</li> </ul>	
<b>Exploration done by other parties</b>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>HN5 comprises a group of shallow historical diggings at Emerald plus widely scattered prospecting pits. There is no evidence of historical drilling in this area.</li> </ul>
<b>Geology</b>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>HN5 is situated in the Hawks Nest area about 16km SW of Laverton in an area of Archean mafic volcanic rocks extensively intruded by felsic porphyry. The rocks appear to comprise Association 1 of Hallberg and are situated in the hinge zone of the Margaret dome. The Emerald working are located on a narrow NW trending quartz vein within mafic volcanic rocks. Geological mapping has identified zones of quartz veining in extensive porphyry outcrops west of the Emerald diggings. There is widespread evidence of prospector activity in the area comprising a mix of dry blowing activity and mechanized shallow clearing for metal detecting purposes.</li> </ul>
<b>Drill hole Information</b>	<ul style="list-style-type: none"> <li>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: <ul style="list-style-type: none"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>There has been no evidence of historical drilling in the HN5 area. Magnetic Resources drilling in the area is summarized in its ASX release of 26 July 2017.</li> </ul>
<b>Data aggregation methods</b>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>No weighting or cutting of gold values, other than averaging of duplicate and repeat analyses.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<ul style="list-style-type: none"> <li>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.</li> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>If it is not known and only the down hole lengths are reported, there should be a clear statement to this effect (eg 'down hole length, true width not known').</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Refer to text.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>All analytical results from the soil sampling at HN5 have been reported.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Results of a ground magnetic survey at HN5 have been reported in ASX release of 26 July 2017.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>Subject to field inspection, shallow drill testing of the main gold and multi-element anomalies is envisaged.</li> </ul>