



magnetic resources^{NL}

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**COARSE NUGGET PATCH LATERITE EXTENDED BY 600% TO 22 SQ.KM
AT MERTONDALE**



Figure 1 Some of the Large Nuggets from Mertondale East E37/1177

The Mertondale East tenement (E37/1177) has been purchased for \$40,000 from a Leonora Prospector which covers the direct southern extension of the large gold nugget patch where over 25ozs have been found. This area has been recently worked (labelled as current work

site in Figure 3) and some of the large nuggets are shown in Figure 1. A large adjacent Historical patch had reports of similar large specimens.

These large nuggets and the nuggets found within the adjacent Mertondale tenement (E37/1256) are within an extensive surficial laterite which is part of a topographic high. Already new occurrences of 4oz and 1oz have been found on the tenement and the laterite sampling has been extended to cover these areas. **This new tenement and the new occurrences have extended the prospective laterite from 3.3sq. km to greater than 22 sq.km.**

As previously announced (ASX Release 1st Sept 2017) the laterite itself is prospective as it contains visible gold as shown in a large gold tail from panning which was missed from the detecting work which located the large nuggets (Figure 2). Magnetic isplanning systematic sampling of the laterite over an enlarged area greater than 22 sq.km.



Figure 2 Photos of large gold tail from crushed laterite in pit at Mertondale.

The drainage is trending southward from the Mertondale coarse nugget area into the new tenement and both palaeo and current drainages are prospective for coarse nuggets and appear to link into the current work site (Figure 3). A 180-line km ground magnetic survey is warranted to help map and distinguish these drainages and also help outline a prospective dolerite and granite contact shown up by the sub-outcropping rocks in proximity with the new nugget areas (Figure 4).

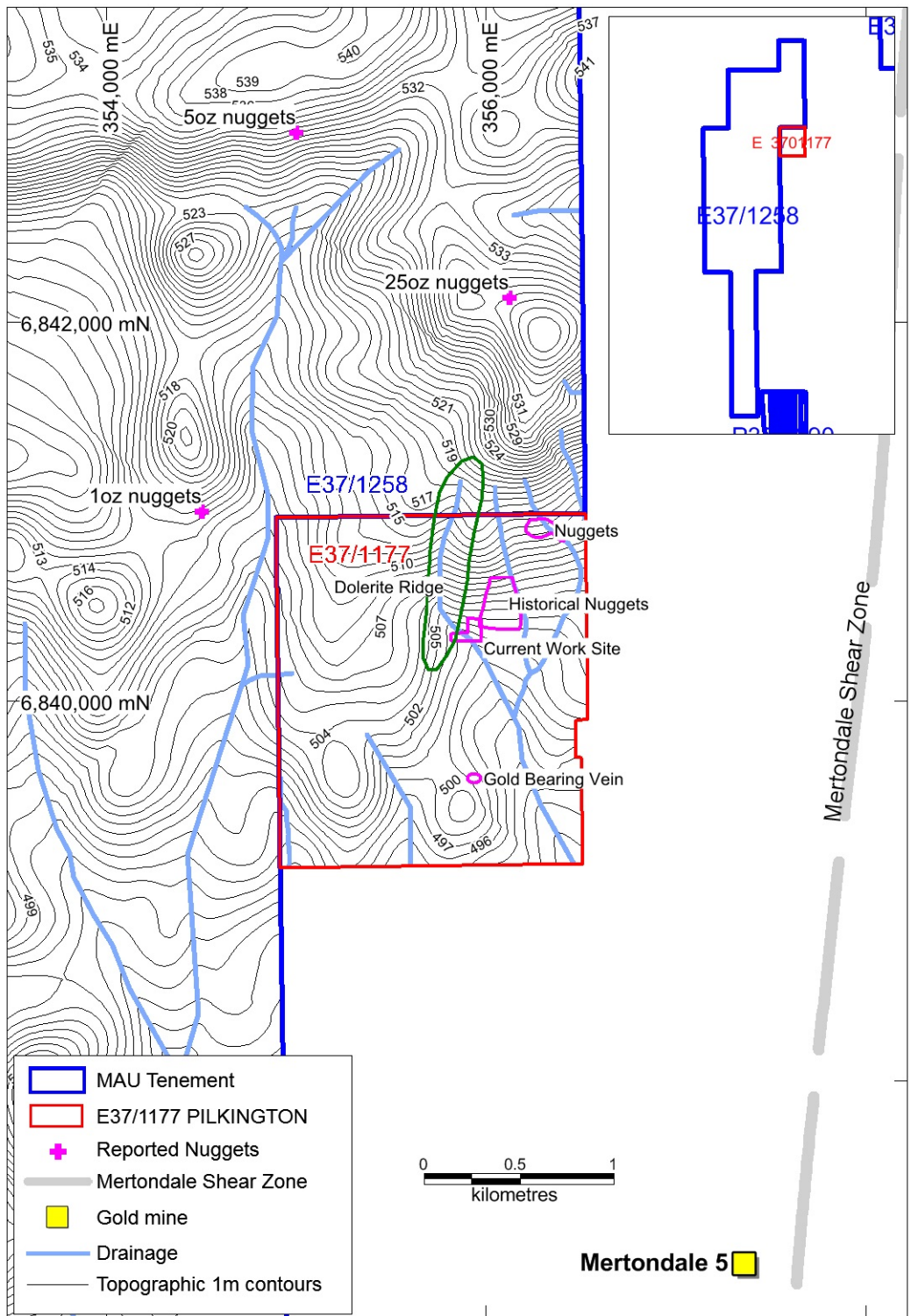


Figure 3. E37/1177 Topography and drainage showing locations of nugget finds.

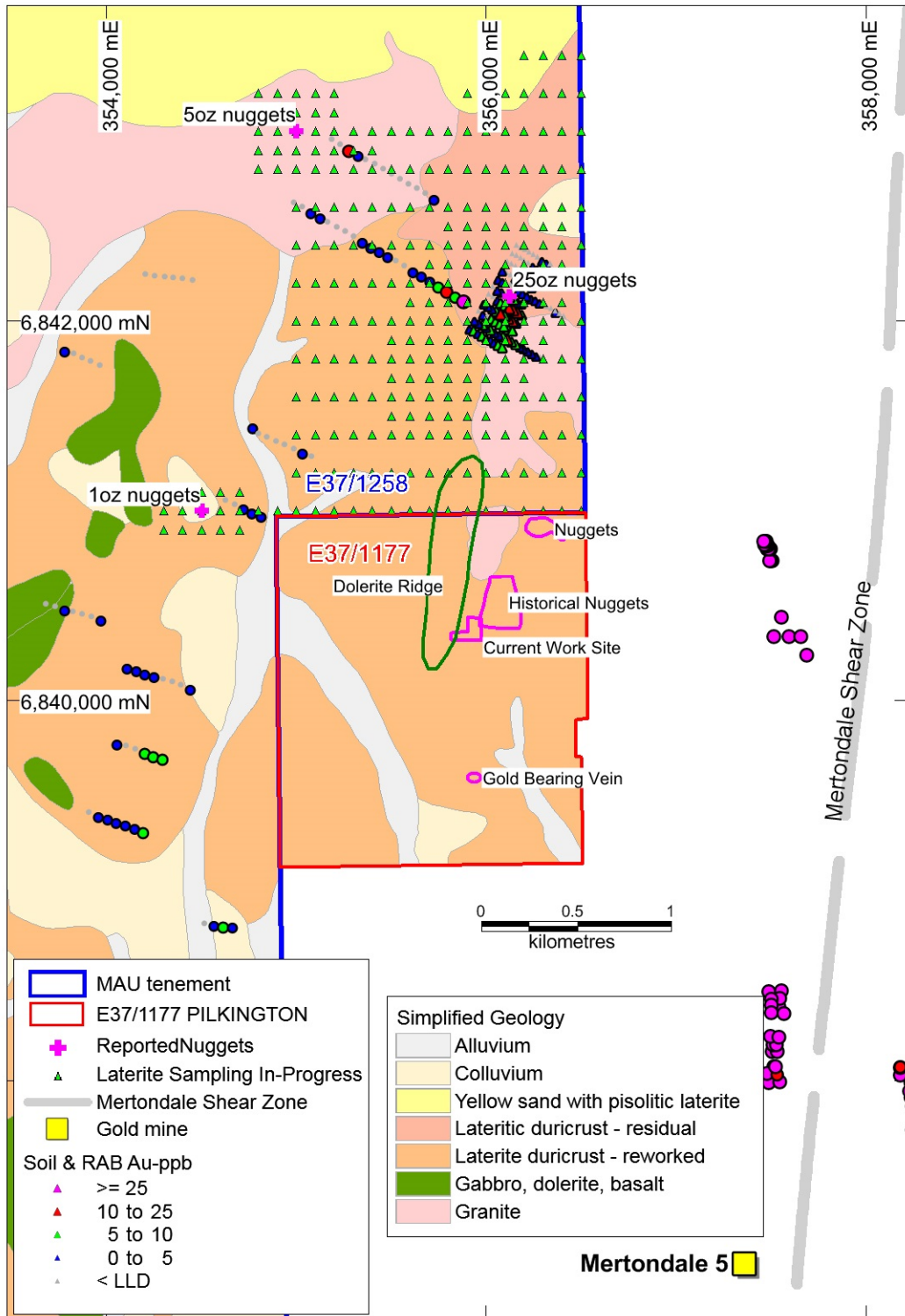


Figure 4. E37/1177 Geological map showing locations of nuggets

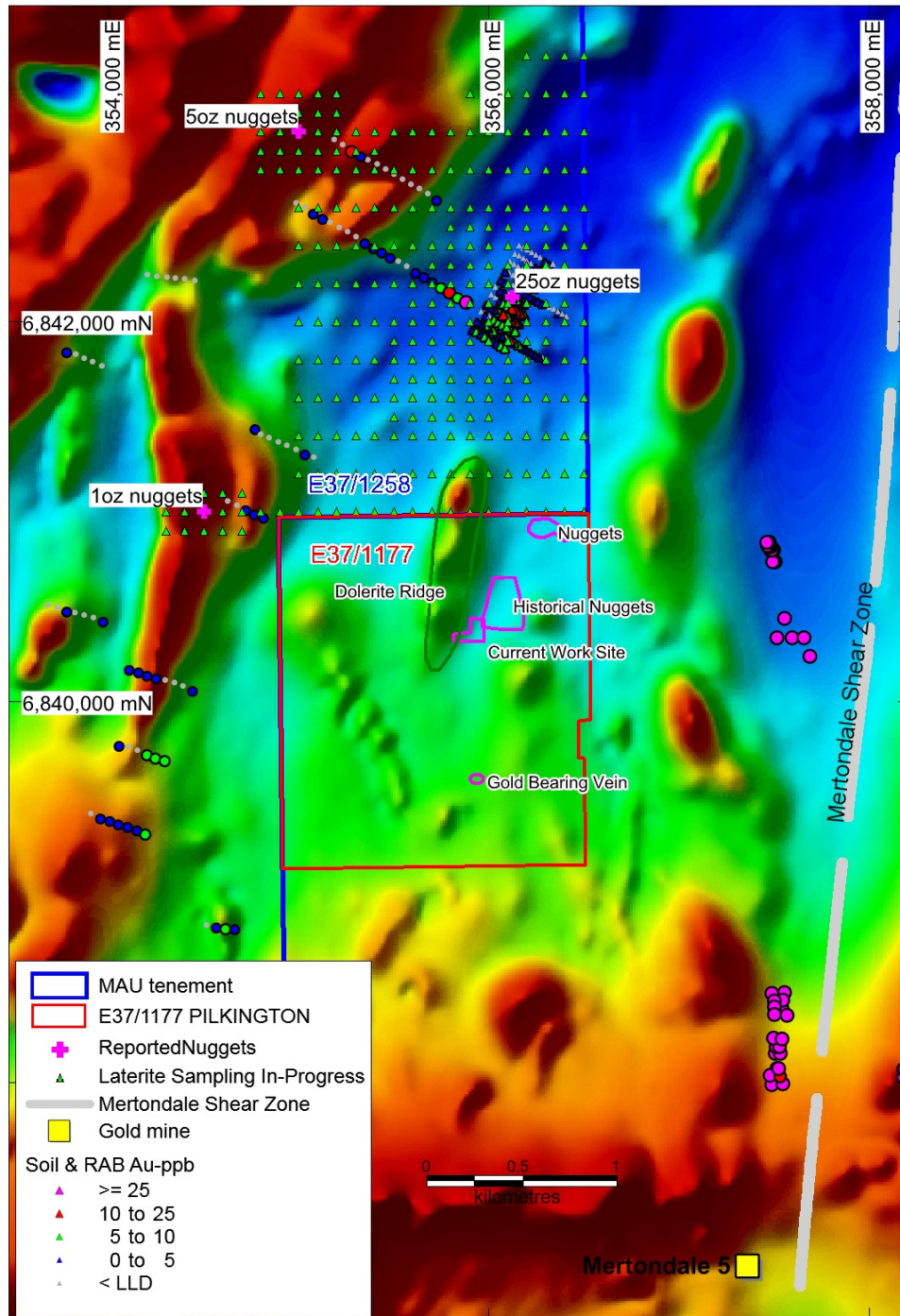


Figure 5. E37/1177 Aeromagnetics showing locations of nuggets and some drainages.

Magnetic Resources Managing Director commented, “we are very excited by the coarse nugget areas expanding south into the acquired tenement E37/117. We are now investigating an enlarged area of 22 sq.km covering the new and old coarse nugget areas with laterite sampling and once the POW is granted deeper RAB/AC is warranted below the coarse nugget localities looking for the source of these nuggets, which appear to be localised. So, the company has three distinct gold targets which includes:

1. the search for coarse nuggets themselves found in laterite, streams and palaeo drainages.
2. lateritic deposits containing finer gold missed by detecting which is found in the laterite.
3. deeper underlying source rocks which may occur at the dolerite granite interface or below

the coarser nugget localities.

Currently, Magnetic is very active with a large laterite sampling programme at Mertondale and a 10-hole RC drilling at HN3 at Hawks Nest, which is looking for extensions to the shallow dipping 1-4m thick shear zone around 25m depth which is 150m wide, which has had 18 intersections above 1g/t. Soon, a tribute agreement will begin with Matt Taylor over the coarse nuggets at Mertondale and concurrently restart with Brian Roberts at Hawks Nest.”

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.