



magnetic resources^{NL}

ASX Release
6 October 2017

ASX code: MAU

Level 1
44A Kings Park Road
PO Box1388
West Perth WA 6872
Telephone 08 9226 1777
www.magres.com.au

ABN34 121 370 232

COARSE NUGGET PATCH LATERITE EXTENDED BY 600% TO 22KM² 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 (E37/1258) 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 3.3km² to greater than 22km².**

As previously announced (IMA ASX Release 1 September 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 is planning systematic sampling of the laterite over an enlarged area greater than 22km².



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).

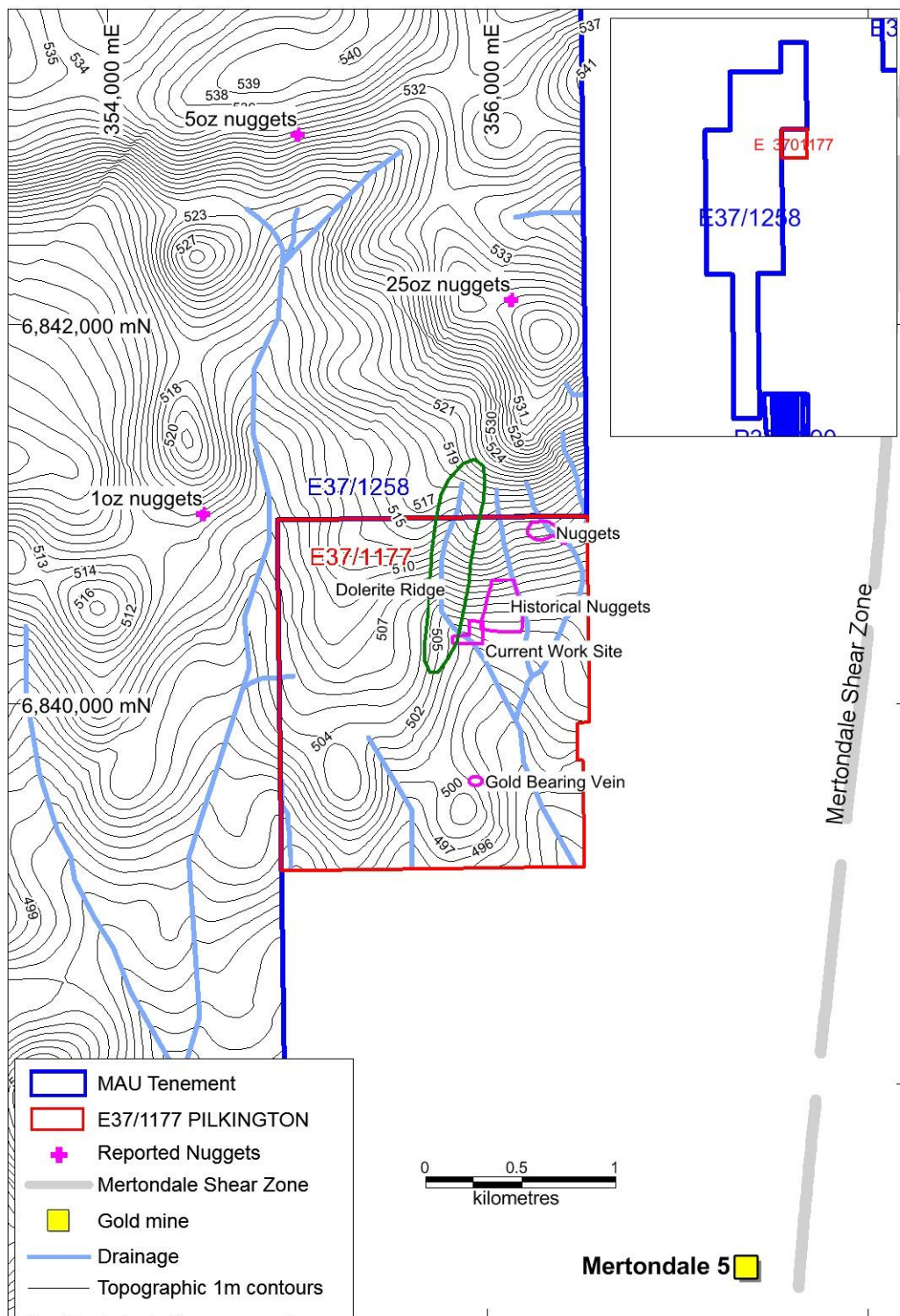


Figure 3. E37/1177 Topography and drainage showing locations of nugget finds

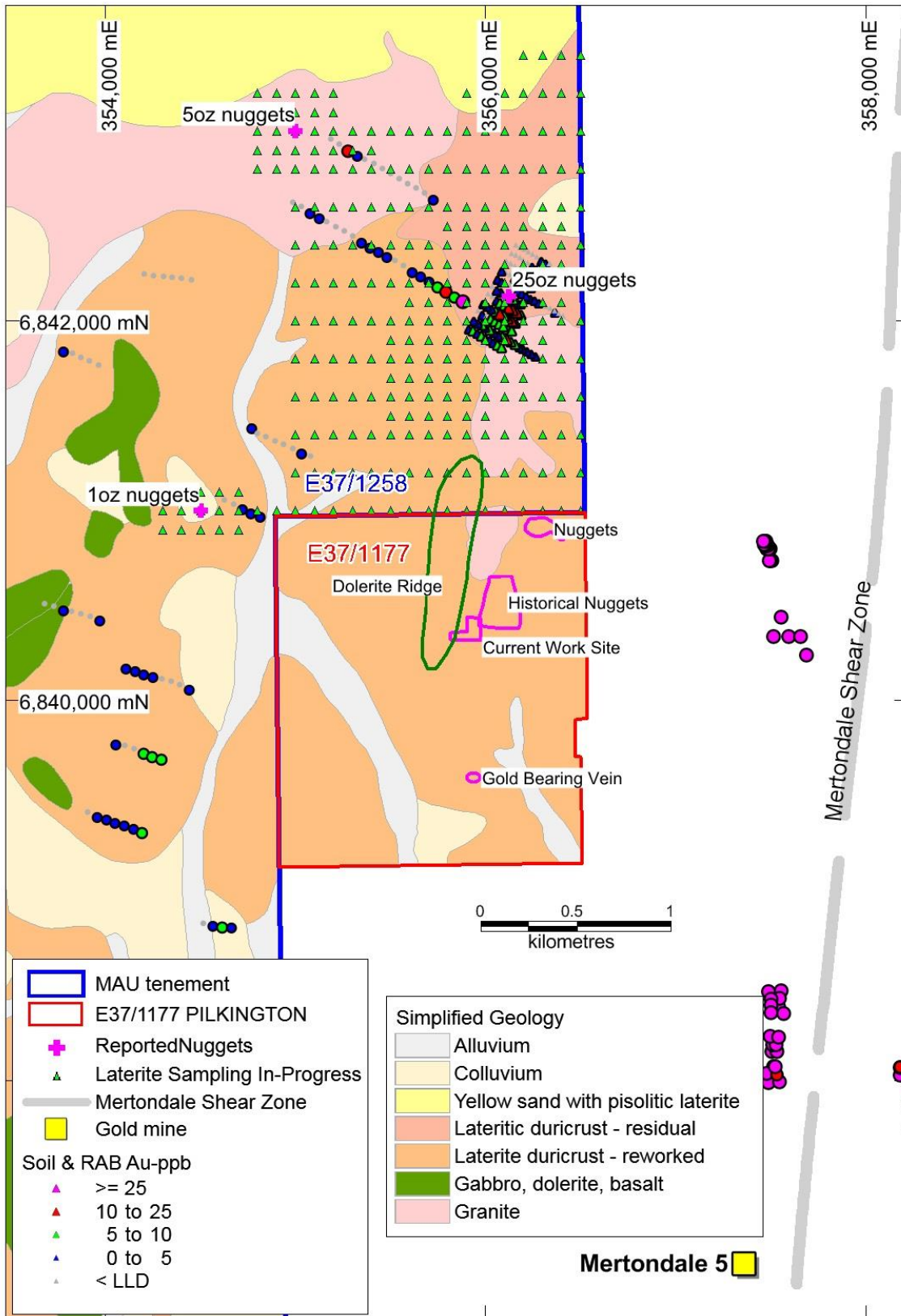


Figure 4. E37/1177 Geological map showing locations of nuggets

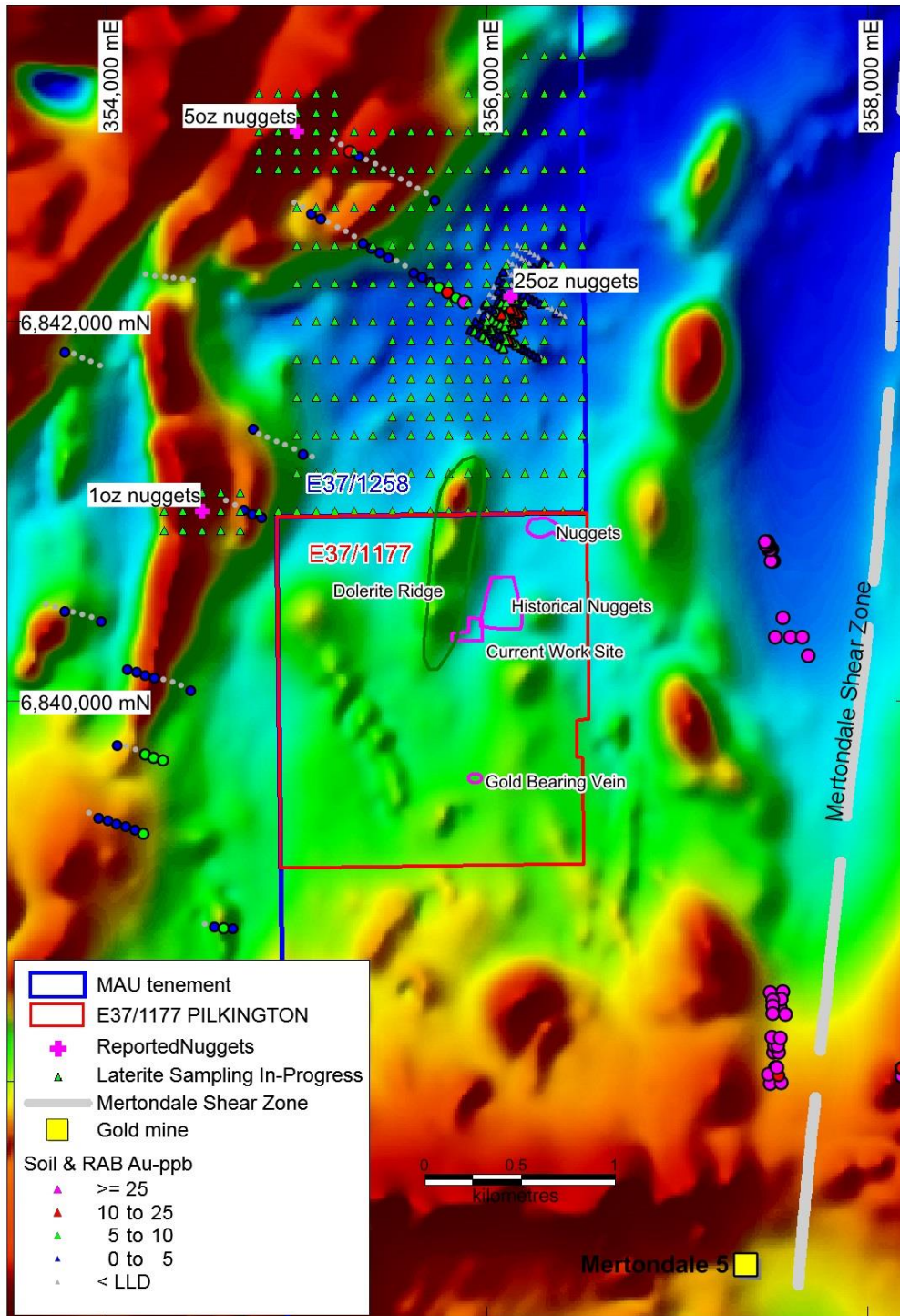


Figure 5. E37/1177 Aeromagnetics showing locations of nuggets and some drainages

Magnetic Resources Managing Director commented, “we are very excited by the coarse nugget areas expanding south into the acquired tenement E37/1177. We are now investigating an enlarged area of 22km² 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

George Sakalidis
Managing Director
Phone (08) 9226 1777
Mobile 0411 640 337
Email george@magres.com.au

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
Sampling techniques	<ul style="list-style-type: none"> • <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> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <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> 	<ul style="list-style-type: none"> • A metal detector was used to identify anomalous zones and gold nuggets within the near surface profile. • The initial 0.2m of surface was scraped off using a dozer. • A metal detector was used on the remaining surface. • 3000 tonnes disturbed at 3 separate sites.
Drilling techniques	<ul style="list-style-type: none"> • <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> 	<ul style="list-style-type: none"> • Not applicable.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <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> 	<ul style="list-style-type: none"> • Not applicable.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate</i> 	<ul style="list-style-type: none"> • Not applicable.

Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> • <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> • <i>The total length and percentage of the relevant intersections logged.</i> 	
Sub-sampling techniques and sample preparation	<ul style="list-style-type: none"> • <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> • <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> • <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> • <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> • <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> • <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> • Nuggets ranged from a few millimetres across to 38mm across for the largest nugget recovered with approximately 3 ounces in total • The nuggets came three areas with majority recovered from 6840410mN 355940mE. • The total area explored was 4.5ha with 3000 tonnes disturbed.
Quality of assay data and laboratory tests	<ul style="list-style-type: none"> • <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> • <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> • <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> 	<ul style="list-style-type: none"> • Not applicable
Verification of sampling and assaying	<ul style="list-style-type: none"> • <i>The verification of significant intersections by either independent or alternative company personnel.</i> • <i>The use of twinned holes.</i> • <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> • <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> • Not applicable.
Location of data points	<ul style="list-style-type: none"> • <i>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.</i> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic</i> 	<ul style="list-style-type: none"> • Handheld GPS unit used to position sampling locations. • A specific listing of the nugget sites was not compiled by the prospector, this has been requested for all future situations.

Criteria	JORC Code explanation	Commentary
	<i>control.</i>	
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Metal detecting around 6840410mN 355940mE. • Not for ore resource estimation. • No compositing applied.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Samples have been obtained via the dozer scrapings and metal detecting over a hardpan. At this stage no structural information is available.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • The gold samples remained in the custody of the prospector.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • The sampling techniques and results have not been subject to audit.

Section 2 Reporting of Exploration Results

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

Criteria	JORC Code explanation	Commentary
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>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 settings.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The target area is situated on exploration licence E37/1258 held by Magnetic Resources NL. The licence is granted with no known impediments to obtaining a licence to operate.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • No exploration has previously been carried out in the area as far as we are aware.
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The target area is situated in an area of extensive laterite cover east of the Mertondale shear zone. The geology is interpreted to comprise Archean gabbro, dolerite and basalt intruded by granitic rocks. Coarse, angular gold

Criteria	JORC Code explanation	Commentary
		<p>nuggets have been reported by prospectors active in the area to occur at shallow depth (20-30cm) within nodular lateritic duricrust. The source of the gold nuggets remains unclear at this stage but is at the boundary of a dolerite ridge and laterite duricrust.</p>
<p><i>Drill hole Information</i></p>	<ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Not applicable.
<p><i>Data aggregation methods</i></p>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • No weighted grade results have been reported.
<p><i>Relationship between mineralisation widths and intercept lengths</i></p>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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’).</i> 	<ul style="list-style-type: none"> • Not applicable.
<p><i>Diagrams</i></p>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Refer to text.

Criteria	JORC Code explanation	Commentary
<i>Balanced reporting</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Analytical results from the RAB drilling have been reported.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Results of a previously reported soil sampling by Magnetic Resources are shown in the text.
<i>Further work</i>	<ul style="list-style-type: none"> 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. 	<ul style="list-style-type: none"> Systematic sampling of the laterite cover along strike from the gold occurrences, over a 22km² area on both E37/1258 and E37/1177, followed by deeper RAB/AC drilling to investigate the nature and extent of the gold occurrences in the laterite and to test for possible bedrock sources.