



magnetic resources^{NL}

ASX Release
2 November 2017

ASX code: MAU

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LARGE 21OZ GOLD NUGGET RECOVERED FROM MERTONDALE



Figure 1. Large 21oz gold nugget recovered from Mertondale.



Figure 2. Large gold nugget 670g (21oz) recovered from Mertondale.



Figure 3. Excavation at Mertondale for some of the large nuggets including the 21oz nugget.



Figure 4. Some of the other large gold nuggets recovered from Mertondale.

Mertondale

Over the last several months more than 50 ounces of large gold nuggets are estimated to have been recovered within the NE part of Magnetic's Mertondale tenement (E37/1258) by prospectors including the local pastoralist, see Figure 1, 2 and 4. **These nuggets are very large with the latest nugget estimated to contain over 20oz (356218mE, 6842145mN) and being 10cm long by 5cm in size.** These nuggets are reported to occur at shallow depths of 0-2m within a lateritic profile and are **likely to be sourced from the underlying bedrock** because of the angular nature and size of the nuggets, which have been located using hand held metal detectors. The area where the nuggets have been found has now been covered with a detailed soil sampling programme (115 samples), the two adjacent RAB drill lines (43 drillholes) and 23 shallow RC holes (currently being drilled) to approximately 60m depth each.

Some of the material in the iron stone within the trench dug (Figure 3) has revealed gold flakes after dollying (crushing) and will be investigated further for the lateritic potential. The company is

very encouraged by the large nuggets and is aggressively drilling to uncover the primary source and is evaluating the finer grained lateritic potential of the 22sq.km of laterite found at Mertondale and Mertondale East and is looking for the bedrock source with detailed RC drilling.

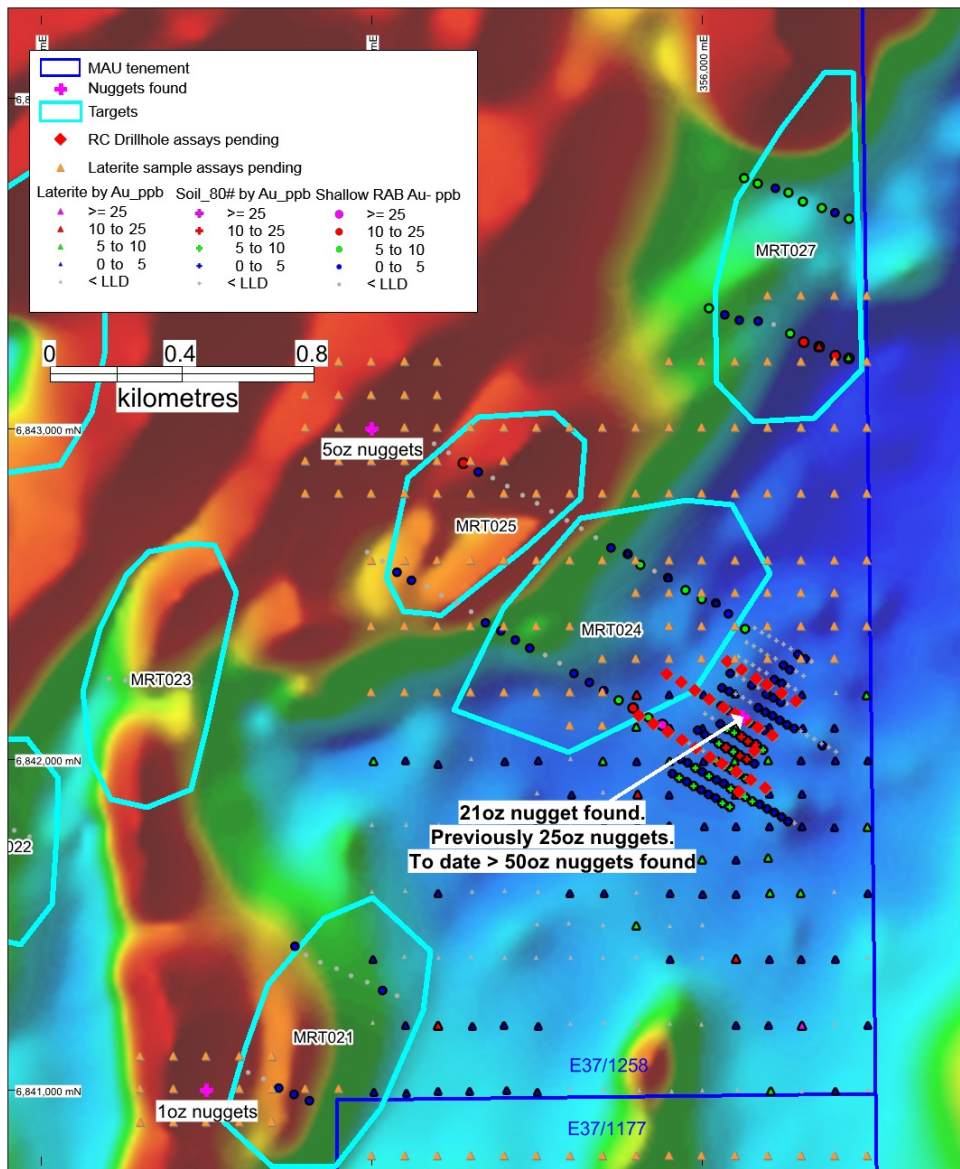


Figure 5. Completed Soil, Laterite, RAB and RC Drilling (currently still drilling) over and adjacent to the newly discovered nugget area

Magnetic has signed a tribute agreement with Mr Matt Taylor the Mertondale pastoralist. The main points are that a 500 tonne sample can be dozed and metal detected at any one time with the approval from Magnetic. Magnetic will receive 15% of the gross sale value of all minerals including gold extracted, mined, produced or won from the tenement. Matt Taylor will be responsible for the rehabilitation of the land.

Shallow RAB drilling (1 to 5m depth) at 50m intervals along scout lines 400m apart was also carried out over 22 target areas with anomalous gold and pathfinder elements being identified at **7 of these targets** (refer ASX announcement 10/07/2017 - 6km of Gold Targets Identified at Mertondale).

Anomalous gold values in highly leached saprolite below hardpan range from 21.5 to 132ppb compared to background values of 1 to 4ppb. Significantly, many of the anomalous gold values are

supported in the same or adjacent holes by anomalous pathfinder elements such as silver, bismuth, arsenic, molybdenum and tungsten which indicate coherent trends around 1km of strike, open along strike, and with potential to extend over an aggregate strike length of six km.

These extensive gold targets and the new gold nugget area are within an emerging gold region where Kin Mining are defining a high-grade gold deposit at Cardinia (193,000) and are also working on the adjacent Mertondale Deposits (395,000oz). North of here NTM Gold Ltd are defining new deposits north of the Golden Terrace South Deposit (90,500oz) and the Kelly Deposit (80,400oz).

Magnetic Resources Managing Director stated, “we are very impressed by the size of these nuggets 10oz and 21oz, which appear to have come from an underlying bedrock source near existing aeromagnetic targets in an emerging gold province. We have acted quickly to ensure Magnetic benefits from any nuggets recovered by signing a tribute agreement with the local pastoralist. In addition, we have completed detailed soil and shallow RAB holes adjacent to the nugget discovery area, and are presently finishing 23 shallow 60m deep RC holes in and around the nugget patch and are awaiting the assay results. We already have seven kilometres of prospective multi element targets at Mertondale and Christmas Well and are completing infill work there and preparing to start some shallow drill testing here as well.”

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

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The Information in this report that relates to Exploration Results for the Mertondale project is extracted from the ASX announcement entitled “6km of Gold Geochemical Targets Identified at Mertondale” dated 10 July 2017 which is available on www.magres.com.au . The Company confirms that it is not aware of any new information or data that materially affects the information included in the original market announcements. The Company confirms that the form and context in which the Competent Person’s findings are presented have not been materially modified from the original market announcement. This announcement contains forward-looking statements which involve a number of risks and uncertainties. These forward looking statements are expressed in good faith and believed to have a reasonable basis. These statements reflect current expectations, intentions or strategies regarding the future and assumptions based on currently available information. Should one or more of the risks or uncertainties materialise, or should underlying assumptions prove incorrect, actual results may vary from the expectations, intentions and strategies described in this announcement. No obligation is assumed to update forward looking statements if these beliefs, opinions and estimates should change or to reflect other future developments.

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"> • 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. 	<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 1-2m of surface was scraped off using a dozer. • 500 tonnes disturbed. • A metal detector was used on the remaining surface.
Drilling techniques	<ul style="list-style-type: none"> • 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). 	<ul style="list-style-type: none"> • Not applicable
Drill sample recovery	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Not applicable
Logging	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • Not applicable

Criteria	JORC Code explanation	Commentary
	<p><i>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"> • Rock gold specimens and gold nuggets gold of various sizes from 1cm to 10cm were collected. • Nuggets ranged from 0.5cm to 1cm (approximately 75g in total). <ul style="list-style-type: none"> ○ The nuggets came from several trenches approximately 100m apart. The large nugget was found at 356218mE, 6842145Mn.
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 control.</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.
Data spacing and distribution	<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</i> 	<ul style="list-style-type: none"> • Metal detecting around 356218mE, 6842145M • Not for ore resource estimation. • No compositing applied.

Criteria	JORC Code explanation	Commentary
	<p>for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.</p> <ul style="list-style-type: none"> • Whether sample compositing has been applied. 	
Orientation of data in relation to geological structure	<ul style="list-style-type: none"> • 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. 	<ul style="list-style-type: none"> • Samples have been obtained via the dozer scrapings and metal detecting over a mafic saprolite. At this stage, no structural information is available.
Sample security	<ul style="list-style-type: none"> • The measures taken to ensure sample security. 	<ul style="list-style-type: none"> • The gold samples remained in the custody of the prospector.
Audits or reviews	<ul style="list-style-type: none"> • The results of any audits or reviews of sampling techniques and data. 	<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
Mineral tenement and land tenure status	<ul style="list-style-type: none"> • 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. • 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. 	<ul style="list-style-type: none"> • The target area is situated on E37/1253 held by Magnetic Resources NL. The licence is granted with no known impediments to obtaining a licence to operate.
Exploration done by other parties	<ul style="list-style-type: none"> • Acknowledgment and appraisal of exploration by other parties. 	<ul style="list-style-type: none"> • No exploration has previously been carried out in the area as far as we are aware.
Geology	<ul style="list-style-type: none"> • Deposit type, geological setting and style of mineralisation. 	<ul style="list-style-type: none"> • Nuggets are in the lateritic zones 1-2m thick sitting on Mafic saprolites
Drill hole Information	<ul style="list-style-type: none"> • 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"> ○ 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 	<ul style="list-style-type: none"> • Not applicable.

Criteria	JORC Code explanation	Commentary
	<i>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>	
<i>Data aggregation methods</i>	<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.
<i>Relationship between mineralisation widths and intercept lengths</i>	<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.
<i>Diagrams</i>	<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"> No diagrams have been drawn up as no drilling has been undertaken.
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> Specimens containing nugget gold of various sizes from 1cm to 10cm were collected (approximately 900g in total) by the local pastoralist.
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <i>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.</i> 	<ul style="list-style-type: none"> Results of a previously reported soil sampling, RAB and RC drilling by Magnetic Resources are shown in the text.
<i>Further work</i>	<ul style="list-style-type: none"> <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> More dozing and detecting of at least 500 tonnes is planned in the area.

