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NUGGET PATCH RESULTS AND RC DRILLING AT MERTONDALE

RC drilling at Mertondale (Table 2 and 3) have intersected gold mineralisation in lateritic ironstone in the area of recent nugget discoveries by local prospectors (refer to MAU ASX releases of 7/08/2017, 2/11/2017, 21/11/2017). Also, three trench samples in the original gold nugget patch area have high gold results of **33.3g/t, 7.7g/t** and 0.3g/t from 3 separate 1kg samples within the western wall of the pit. In addition, a brecciated quartz vein in laterite within E37/1177 returned a high-grade gold value of **11.9g/t** (Figure 3).

The RC drilling programme was designed predominately to test the original nugget find near drill hole MMDRC05 (see Figure 1) and has not adequately covered the main 150m-long nugget patch 100m to the east which has only two holes drilled there, as it was discovered at the end of the RC programme.

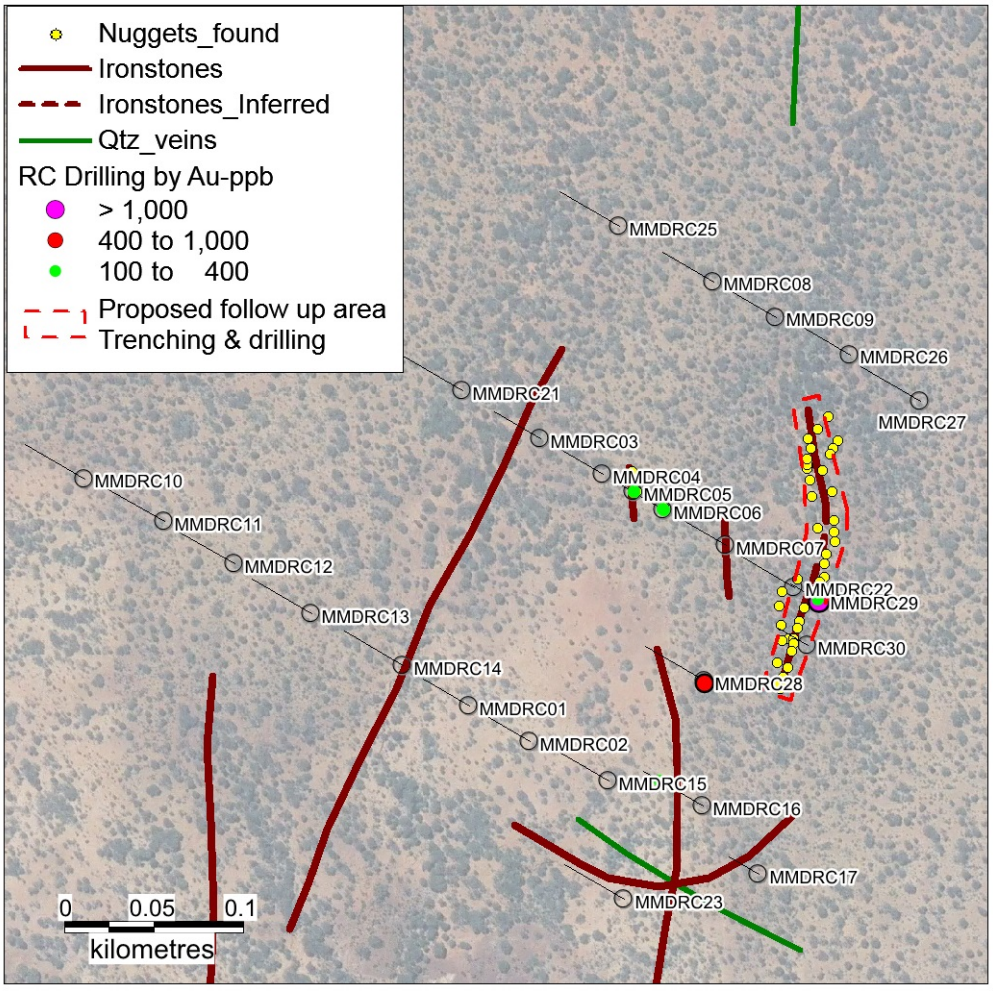

Figure 1. RC drilling, Ironstones andgold nugget occurrences

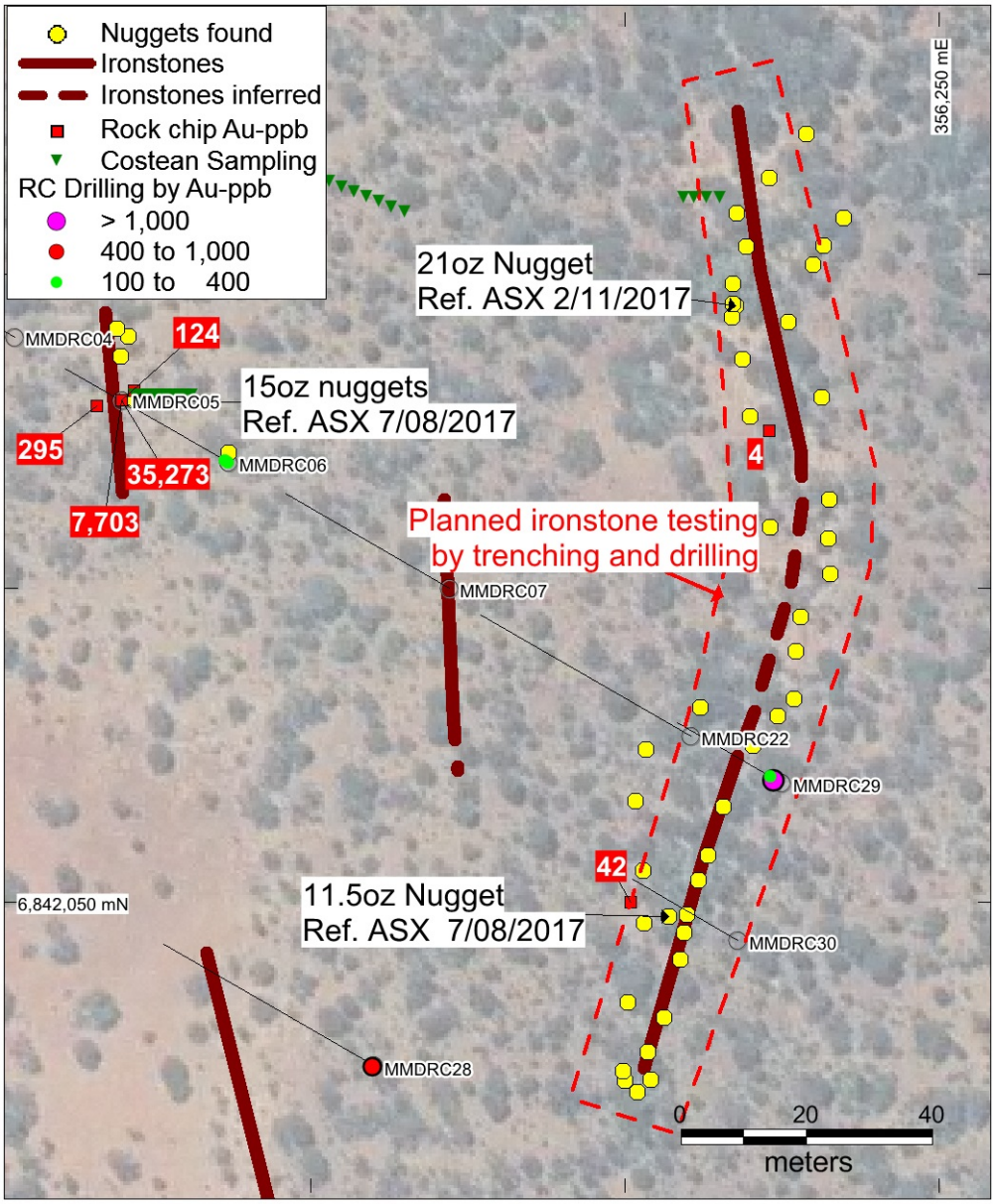

Figure 2. Gold nuggets, Ironstones, RC drilling, rock chips, costeans and proposed trenching area.

RC gold intersections in laterite include 1m at 1.11g/t from 2m, 1m at 0.46g/t from surface, 3m at 0.13g/t from 2m and 2m at 0.11g/t from surface. A deeper intercept of 4m at 0.28g/t from 42m occurs in basalt in hole MMDRC-16. The drill intercepts are summarised in Table 2, with drilling details in Table 3.

The drilling intersected a sequence of mafic volcanic rocks (basalt) capped by 1-10m of laterite overlying variably ferruginised saprolite to depths of 10-30m. Secondary ironstone intercepts occur at various positions within the saprolite zone but are mainly associated with the laterite in the top 10m of the profile.

The density of drilling at the larger 150m-long eastern nugget zone is low as only two holes have been drilled here and further drilling will be required to assess this area. One of these holes MMDRC29 returned 1m at 1.11g/t from 2m. It is also recognized that owing to the nuggetty character of the gold in the laterite and ironstone, drilling may not be providing enough sample to adequately assess the grade. To this end a programme of trenching across the eastern nugget zone and the original nugget patch at 25m intervals is planned to expose the lateritic ironstone and allow larger samples to be taken for gold analyses. At this stage the source of the gold nuggets is thought to have shed off these linear NS ironstones as shown in Figure 2, where 40 nuggets were found including very large 21oz and 11.5oz nuggets (also refer to ASX release 21/11/2017).

In the meantime, infill surface sampling of the gold-in-laterite anomalies situated to the north and west of the nugget occurrences (shown in Figure 2) has been completed and assaying is in progress. This will allow

Magnetic to also **start testing the much larger 1km gold in laterite target 300m north of the 150-m long eastern nugget patch (Figure 3).**

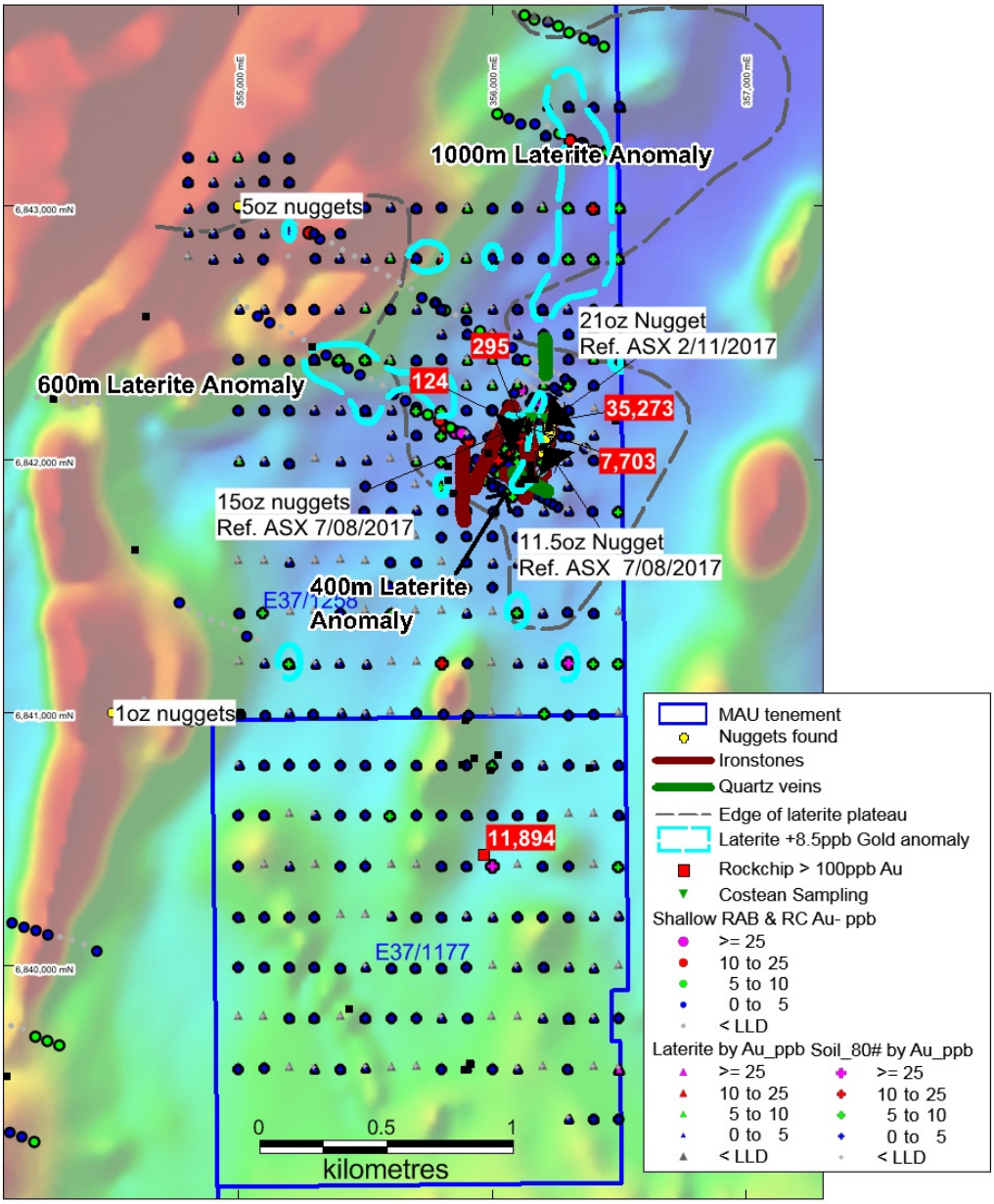

Figure 3. Location of Laterite gold anomalies, rock chip and gold nugget trench samples.

Magnetic is currently RC drilling at Hawks Nest. This programme of 15 holes for 535 metres is designed to test previous gold anomalies and historical workings. This programme is expected to be completed by 15 Dec 2017.

Magnetic Resources Managing Director commented, “the nugget patch areas have consistently had large and plentiful nuggets associated with the Ironstones outlined by prospectors and a geologist. More drilling and trenching is now required to ascertain the average gold content especially within the eastern 150m long gold patch which has only had 2 holes drilled there and the northern 1000m long anomalous gold in laterite area. Also, the Company is looking forward to results from their active drilling programme at Hawks Nest, which is testing several anomalous historical workings, RAB and soil geochemistry targets at Hawks Nest 4,5 and 6.”

Table1. Anomalous Rock Chip Samples (>100ppb)

SampleID	Easting MGAz51	Northing MGAz51	Gold ppb
MDR10	353030	6838239	2763
MDR27	356116	6842129	295
MDR28	355966	6840439	11894
NP1	356120	6842130	124
NP2	356120	6842130	7703
NP3	356120	6842130	35273

Table 2. RC Drilling Results

Drill hole	**From**	**To**	**Interval**	**Grade**
	m	m	m	g/t Au
MMDRC05	2	5	3	0.13
MMDRC06	0	2	2	0.11
MMDRC16	42	46	4	0.28
MMDRC28	0	1	1	0.46
MMDRC29	2	3	1	1.11

Table 3. RC Drilling

Drillhole	Easting MGAz51	Northing MGAz51	RL m	Depth m	Dip	Azimuth Mag
MMDRC01	356028	6842010	536	60	-60	300
MMDRC02	356062	6841990	536	60	-60	300
MMDRC03	356068	6842160	536	60	-60	300
MMDRC04	356103	6842140	537	66	-60	300
MMDRC05	356120	6842130	537	24	-90	300
MMDRC06	356137	6842120	537	60	-60	300
MMDRC07	356172	6842100	538	60	-60	300
MMDRC08	356165	6842248	535	66	-60	300
MMDRC09	356200	6842228	535	60	-60	300
MMDRC10	355813	6842137	536	60	-50	300
MMDRC11	355857	6842113	537	60	-50	300
MMDRC12	355896	6842090	537	60	-50	300
MMDRC13	355940	6842062	537	60	-50	300
MMDRC14	355991	6842033	536	60	-50	300
MMDRC15	356106	6841968	537	60	-50	300
MMDRC16	356159	6841954	538	60	-50	300
MMDRC17	356191	6841916	539	30	-50	300
MMDRC21	356024	6842187	536	60	-50	300
MMDRC22	356211	6842077	539	60	-50	300
MMDRC23	356115	6841902	536	60	-50	300
MMDRC25	356112	6842279	534	60	-50	300

MMDRC26	356242	6842207	536	66	-50	300
MMDRC27	356281	6842181	537	60	-50	300
MMDRC28	356160	6842024	539	60	-50	300
MMDRC29	356225	6842069	539	30	-50	300
MMDRC30	356218	6842044	539	30	-50	300

Table 4. Anomalous Laterite Samples (>=10ppb)

SampleID	Easting MGAz51	Northing MGAz51	Gold ppb
MD140	355199	6841199	10
MD151	356300	6841200	40
MD165	356101	6841401	12
MD219	355802	6841900	10
MD222	356101	6841901	10
MD258	355801	6842200	22
MD348	356353	6843256	14
MD352	353699	6833391	10
MD354	354720	6836284	11
MD355	354720	6836284	25
MD357	356122	6842130	4634
MD255	355499	6842199	21.5
MD266	355701	6842300	21
MD267	355800	6842299	13
MD277	355399	6842400	11
MD278	355300	6842400	12
MD279	355501	6842400	10
MD289	356502	6842401	12
MD345	356001	6842800	12
MD347B	355801	6842798	12
MD352B	355201	6842901	41
MD355B	356300	6843400	14
MD357B	356502	6843399	20
MD363	356500	6843201	16
MD365	356301	6843201	40.5
MD366	356502	6843000	10
MD367	356399	6842999	18
MD368	356302	6843000	39.5
MD370	356500	6842800	24
MD371	356402	6842801	15
MD372	356300	6842800	23
MD374	356200	6842600	13
MD382A	356060	6842156	12
MD386A	356171	6842093	35
MD388A	356193	6842221	24.5
MD389A	356193	6842221	23.5

MD498	356301	6839801	25
MD516	356499	6839598	129

Table 5. Anomalous Soil Samples (>=10ppb)

SampleID	Easting MGAz51	Northing MGAz51	Gold ppb
MD018	356109	6841907	12
MD038	356137	6842006	14
MD039	356115	6842018	16
MD040	356094	6842031	10
MD042	356072	6842043	11
MD052	356119	6842074	13
MD053	356140	6842062	17
MD054	356162	6842049	11
MD146A	355802	6841199	11
MD151A	356300	6841200	237
MD367A	356399	6842999	10
MD379AA	356023	6842001	11
MD380AA	356025	6842003	10
MD382AA	356060	6842156	12
MD386AA	356171	6842093	14
MD388AA	356193	6842221	11
MD389AA	356193	6842221	33
MD447A	356000	6840400	43

Table 6. Exploration Sampling to Date

Sample Type	Completed		In-progress
	E37/1258	E37/1177	E37/1258
RAB Drillhole	592		
RC Drillhole	30		
Laterite	279	119	96
Soil	389	115	
Rockchip	57	13	
Costean	22		

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.

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;“Large gold nuggets recovered from Mertondale” dated 7 August 2017;“Large 21oz gold nugget recovered from Mertondale” dated 2 November 2017; and “Quarterly Report for the Quarter Ended 30 September 2017”, “Large 1000m extension to Mertondale gold nugget patch” all of which are 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.

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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	• 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.	• 1kg trench samples were taken. • Rock chip samples were also taken. • Laterite samples comprise surface lateritic duricrust including lag and weathered ferruginised rock fragments. Samples are sieved and 1kg of the +6mm fraction taken for analysis. • 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. • 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 RC 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.
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 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

Criteria	JORC Code explanation	Commentary
		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.	• RC chips and chip trays are being geologically 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 drillholes records lithology, mineralogy, mineralisation, weathering and colour, and is qualitative in nature. • All drillholes 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 chip samples were composited into 4m intervals except within the surface laterite where 1m samples were taken. • No field duplicates were taken. • Sample sizes are appropriate for the grain size being sampled. • Trench samples came primarily from a trench at the nugget patch. The large nugget was found at 356218mE, 6842145mN.
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.	• Laterite, rock chip, trench and RC samples were dispatched to MinAnalytical laboratory in Perth where the samples were pulverized and a 10g sub sample 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

Criteria	JORC Code explanation	Commentary
		internal lab standards which indicated acceptable levels of accuracy and precision although in rare cases there is some indication of the presence of coarse gold. • Industry standard standards and duplicates are used by the NATA registered laboratory conducting the analyses.
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.	• Where duplicate analyses of individual samples were made the analytical results were averaged. • Verification of gold nugget locations reported by prospectors has not been completed. • 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.	• Laterite, rock chip, trench samples and RC drill collars were located using a hand-held GPS with an accuracy of +-4m. • 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.	• Laterite sampling was carried out on 100m x 100m or 200m x 100m spacing. • RC drilling was carried out at 40m spacings on lines 140m apart. Trench and rock chip sampling were at random spacings. • Not for ore resource estimation. • No compositing applied
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.	• Laterite sampling was carried out on E-W lines approximately orthogonal to mapped geological structures. • Drilling of inclined RC holes 60° to west orthogonal to the target strike. • Samples have been obtained via the dozer scrapings. At this stage, no structural information is available.
Sample security	• The measures taken to ensure sample security.	• Samples were stored in a locked yard in Leonora prior to dispatch to Perth using a commercial freight company.
Audits or	• The results of any audits or reviews of sampling	• The sampling techniques and results

Criteria	JORC Code explanation	Commentary
reviews	techniques and data.	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	• 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.	• Mertondale is situated on exploration licence E37/1258 and Mertondale East is situated on E37/1177 and are held by Magnetic Resources NL. The licences are granted with no known impediments to obtaining a licence to operate.
Exploration done by other parties	• Acknowledgment and appraisal of exploration by other parties.	• Mertondale and Mertondale East has been subject to systematic surface sampling by previous explorers but with records of very little drilling being completed. Available historical data has been compiled.
Geology	• Deposit type, geological setting and style of mineralisation.	• Mertondale is situated adjacent to and west of the Mertondale Shear Zone, a known gold-bearing structure with a history of open cut gold mines and the site of recent successful gold exploration by other parties. The area is interpreted to be underlain by Archean greenstone belt rock types including basalt, dolerite and meta-sediments. • Nuggets are in the lateritic zones 1-2m thick sitting on mafic saprolites
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.	• A total of 26 RC holes for 1452m were drilled at Mertondale. The details of this shallow geochemical drilling shown in the Tables and Figures above.
Data aggregation methods	• In reporting Exploration Results, weighting averaging techniques, maximum and/or minimum grade truncations (eg cutting of high	• No weighting or cutting of gold values, other than averaging of duplicate and repeat analyses.

Criteria	JORC Code explanation	Commentary
	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 metal equivalents have been used. • No weighted grade results have been reported for the nuggets.
Relationship between mineralisation widths and intercept lengths	• 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 should be a clear statement to this effect (eg 'down hole length, true width not known').	• Not applicable.
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.	• Anomalous ranges used are stated in the text.
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.	• Results of a previously reported soil sampling, RAB and RC drilling by Magnetic Resources are shown in the 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.	• Subject to field inspection, infill and step out shallow drilling, or other geochemical sampling, of the main gold anomalies is envisaged. Some trench sampling of the ironstones is also planned. • More drilling is planned over a 2km strike length on the structural target.