



magnetic resources^{NL}

QUARTERLY REPORT for the Quarter Ended 31 December 2017

Magnetic Resources NL
ABN 34 121 370 232

ASX Codes: MAU and MAUCA

Level 1
44A Kings Park Road,
West Perth, WA 6005

T +61 8 9226 1777
F +61 8 9321 6571

PO Box 1388
West Perth WA 6872

Issued Capital:
Shares - Quoted:

148,321,703 ordinary shares.
20,418,862 partly paid shares (\$0.20
unpaid).

Options – Unquoted

- 3,000,000 options exercisable at
\$0.377 on or by 31 December 2021

Cash: \$0.85m

Directors:

George Sakalidis
Managing Director

Eric Lim
Non-Executive Chairman

Julien Sanderson
Non-Executive Director

Company Secretary
Ben Donovan

HIGHLIGHTS

AtHN5 a 70-sample soil geochemistry programme has widened the western anomaly now being 80m wide by 500m long, which is planned be drilled with follow up RC holes. Two targets to the east of here were drilled with a 4-hole RC programme (230m) and results are awaited.

Rock chip sampling at **HN4** has shown **highly anomalous values ranging from 0.07 to 51.7g/t Au** within two cherty ironstone (BIF) horizons which are 750m long, with old prospecting pits along its length. Eight of the 17 samples had over 1g/t Au. A shallow detailed 9-hole RC programme (175m) has been completed and results are awaited.

At **HN6** a 1.5km-long arcuate magnetic trend has anomalous gold in the range 0.1 to 0.7g/t Au recorded in amphibolite. A programme of soil sampling has delineated a **500m long geochemical anomaly**. 6 RC holes (340m) have been completed here and results are awaited.

At the **Mertondale and Christmas Well Projects** shallow RAB drilling below the hardpan cover has identified eight multi element targets totalling 10.4km. A further 65 shallow RAB holes have been completed at Christmas Well to help further detail the drill targets prior to deeper AC/RC drilling at both Mertondale and Christmas Well.

At Mertondale a further 242 holes shallow RAB geochemical holes have been completed on a major bend in a Proterozoic dyke and results are pending.

Large nuggets and finer grained gold in extensive laterite has been found in the NE part of Mertondale. Two tribute agreements have been signed at Mertondale and Hawks Nest. Dozing and detecting in November-December at Mertondale has been successful in locating 70oz and one large 210z nugget. Further dozing and detecting is expected in March especially over the existing nugget patch at Mertondale and within a new 1000m long laterite geochemical anomaly starting 300m north of the nugget patch. This 1000m long laterite anomaly is being mapped in detail in preparation for a RC/AC drilling programme.

At Birthday Patch 123 km east of Wiluna a 48-hole shallow RAB programme is designed to test a virgin discovery of high-grade gold in quartz, which correlates with a major shear zone.

Gold Projects Summaries

The December 2017 quarter was a busy period for Magnetic Resources at both the Hawks Nest and Mertondale projects with 1284 soil, laterite, rock chip, lag and soil samples taken on the various tenements. A total of 307 RAB holes for 1225m, 55 RC holes for 2832m and 2 AC holes for 66m depth were drilled. Details are shown in Tables 1 and 2.

Table 1. Surface Geochemical Sampling December Quarter 2017

Tenement	Project	Sample Type	Number of Samples
E37/1177	Mertondale East	Laterite	148
E37/1177	Mertondale East	Rockchip	13
E37/1177	Mertondale East	Soil-80#	145
E37/1258	Mertondale	Costean	22
E37/1258	Mertondale	Laterite	200
E37/1258	Mertondale	Rockchip	38
E37/1258	Mertondale	Soil-80#	334
E37/1258	Mertondale	Other	7
E38/3127	Hawks Nest	Soil-80#	151
P38/4317 & 4319	Mount Jumbo East	Lag	201
E53/1978	Birthday Patch	Rockchip	5
E53/1978	Birthday Patch	Soil-2mm	20

Table 2. All Drilling Summary since grant

Project	Tenement	Drillhole Type	This Quarter		Total	
			No. Holes	Metres	No. Holes	Metres
Mertondale	E37/1258	RAB	242	957	834	3242
Mertondale	E37/1258	RC	26	1452	26	1452
Mt Jumbo	E38/3100	DDH			2	456
Mt Jumbo	E38/3100	RC			2	334
Hawks Nest	E38/3127	AC	2	66	2	66
Hawks Nest	E38/3127	RAB			150	1581
Hawks Nest	E38/3127	RC	29	1380	42	3280
Christmas Well	P37/8687	RAB			6	18
Christmas Well	P37/8688	RAB			15	53
Christmas Well	P37/8689	RAB			8	30
Christmas Well	P37/8691	RAB			6	20
Christmas Well	P37/8692	RAB			5	15
Christmas Well	P37/8693	RAB	19	71	78	280
Christmas Well	P37/8694	RAB	46	197	120	475

Hawks Nest E38/3127

Magnetic has completed a programme of RC drilling (19 holes for 800m) on geochemical, geophysical and geological targets at its HN3, HN4, HN5 and HN6 targets on the Hawks Nest exploration licence (E38/3127) approximately 15km SW of Laverton (Figure 1 and Table 3). A new 151soil sampling programme has been completed covering strong geochemical zones found previously at HN5 and HN6 (Table 1).

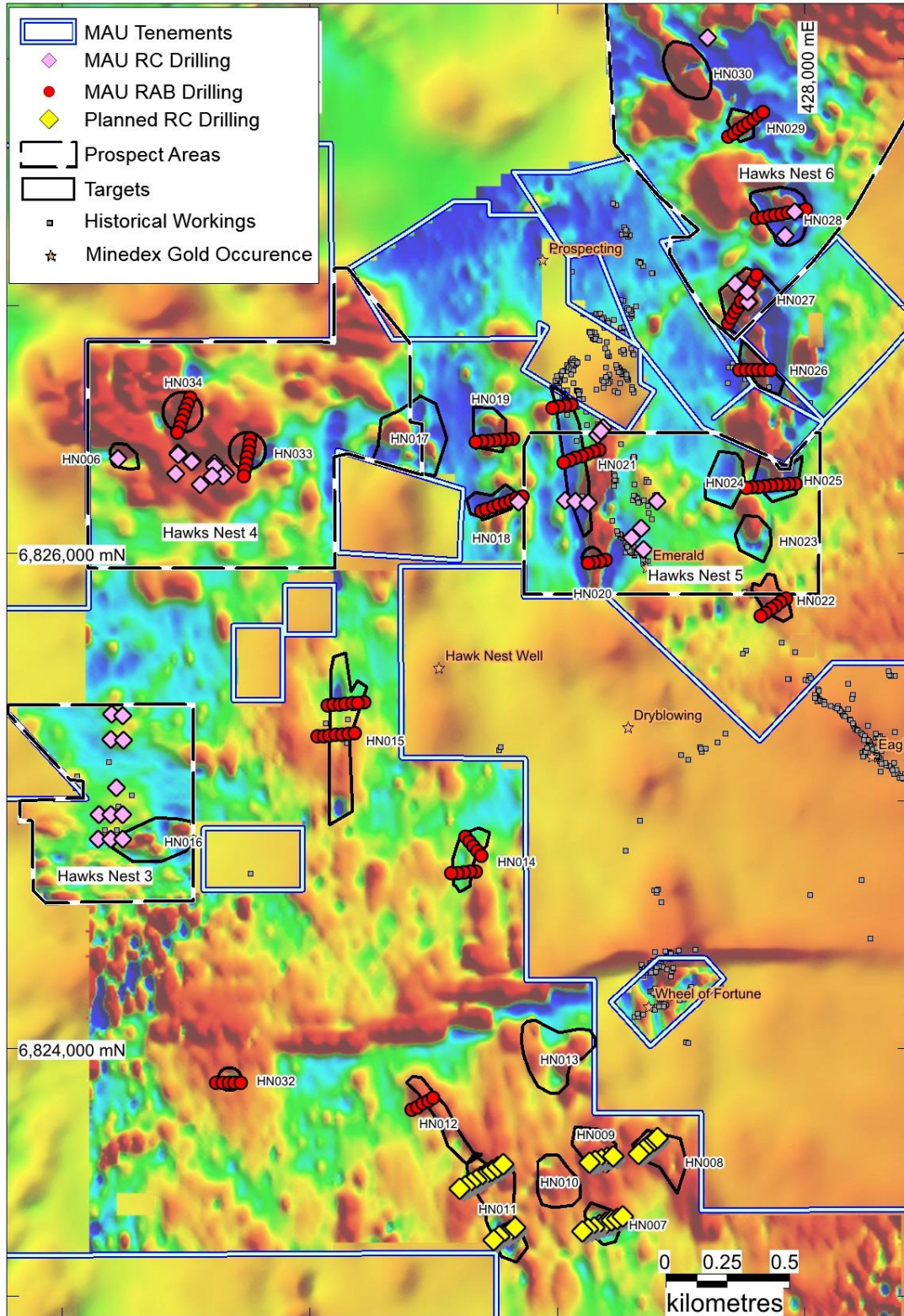


Figure 1. Hawks Nest E38/3127 Ground magnetics and Prospects HN3 to HN6

Table 3. Hawks Nest RC drilling December Quarter 2017

Hole ID	Depth	Azi	Dip	East	North	Prospect	Target	Hole type
MHNRC31	66	270	-50	427963	6827393	HN6	57ppb and 69ppb Au in soil on discrete magnetic high	RC
MHNRC32	70	270	-50	427925	6827300	HN6	91, 77 and 56ppb Au in soil on magnetic low	RC
MHNRC33	24	270	-50	427777	6827030	HN6	4m @ 0.6g/t Au in shallow RAB hole MHNRB020on complex magnetic high	RC
MHNRC33A	60	270	-50	427775	6827030	HN6	narrow N-S geochemical anomaly	RC
MHNRC34	50	270	-50	427723	6827104	HN6	Northern extension of 4m @ 0.6g/t Au in shallow RAB hole MHNRB020on complex magnetic high	RC
MHNRC46	70	270	-50	427770	6827071	HN6	Northern extension of 4m @ 0.6g/t Au in shallow RAB hole MHNRB020on complex magnetic high	RC
	340							
MHNRC35	78	225	-50	427344	6826115	HN5	1873ppb and 216ppb Au soil anomaly	RC
MHNRC36	60	40	-50	427167	6826493	HN5	HNR52 rock sample 3.55g/t Au	RC
MHNRC47	32	220	-50	427190	6826523	HN5	HNR52 rock sample 3.55g/t Au	RC
MHNRC48	60	220	-60	427179	6826508	HN5	HNR52 rock sample 3.55g/t Au	RC
	230							
MHNRC37	20	30	-60	425665	6826337	HN4	Rock chip HNR60 6.5g/t Au	RC
MHNRC38	45	30	-60	425653	6826327	HN4	Rock chip HNR60 6.5g/t Au	RC
MHNRC39	15	30	-60	425619	6826379	HN4	Rock chip HNR17 51.7g/t Au	RC
MHNRC40	30	30	-60	425618	6826366	HN4	Rock chip HNR17 51.7g/t Au	RC
MHNRC41	20	30	-60	425609	6826328	HN4	Rock chip HNR18 0.2g/t Au	RC
MHNRC42	15	30	-60	425530	6826387	HN4	Rock chip HNR61 1.4g/t Au	RC
MHNRC43	40	30	-60	425526	6826383	HN4	Rock chip HNR61 1.4g/t Au	RC
MHNRC44	15	30	-60	425472	6826421	HN4	Rock chips HNR54 27.3g/t HNR71 1.2g/t Au	RC
MHNRC45	30	30	-60	425471	6826412	HN4	Rock chips HNR54 27.3g/t HNR71 1.2g/t Au	RC
	230							
Total	800							

Hawks Nest 5

This area comprises the Emerald workings, a series of NW-trending gold diggings over a 200m strike length which intersect and sinistrally displace a N–S trending magnetic anomaly, which is 750m in length.

Two 500m-long gold and multi-element geochemical anomalies are associated with a 300m zone of quartz veins in porphyry and with the Emerald workings. A further 70 soil samples were completed to help close off both anomalous Au soil targets outlined above. **The western geochemical anomaly is planned to be drill tested and is a significant 500m by 80m wide in size and ranges from 56ppb to 227ppb Au.**

A programme of 4 shallow RC holes for 230m (Table 3) were completed to test historical workings with an anomalous rock sample of 3.55g/t Au (in the northern part of Figure 2), plus an anomalous soil anomaly of 1873ppb and 216ppb (427348mE, 6826118mN) close to the Emerald workings (Figure 2). Results are awaited.

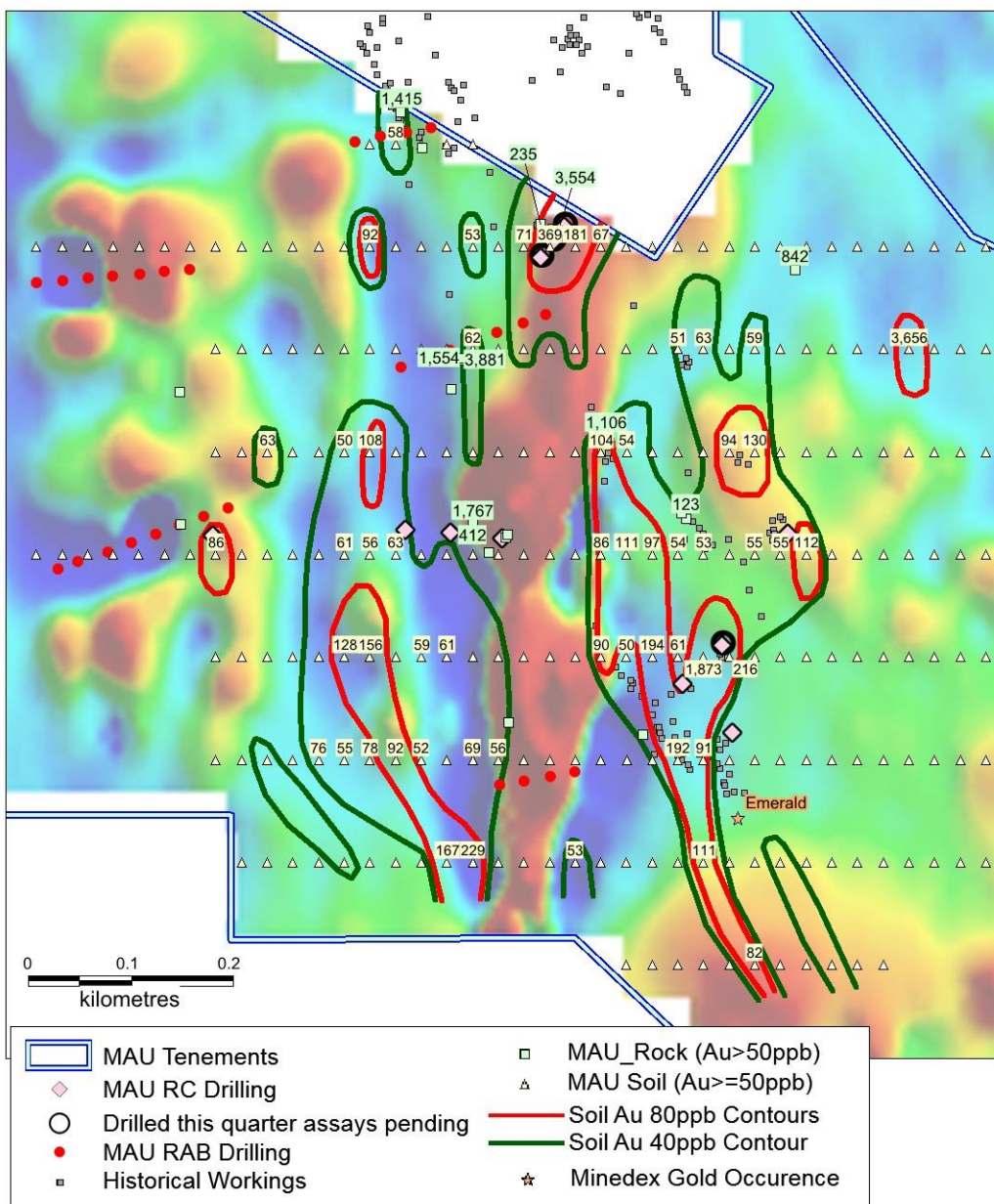


Figure 2. Hawks Nest HN5 ground magnetics with 2x500m soil geochemical anomalies and RC drilling

Hawks Nest 4

Geological mapping has identified at least two cherty ironstone (BIF) horizons, one of which has been traced intermittently for about 750m with evidence of old prospecting pits along its length (Figure 3). Rock chip sampling has shown **highly anomalous values ranging from 0.07 to 51.7g/t Au. Eight of the 17 samples had over 1g/t Au.** Nine shallow RC holes for 230m (Table 3) have been completed and results are pending.

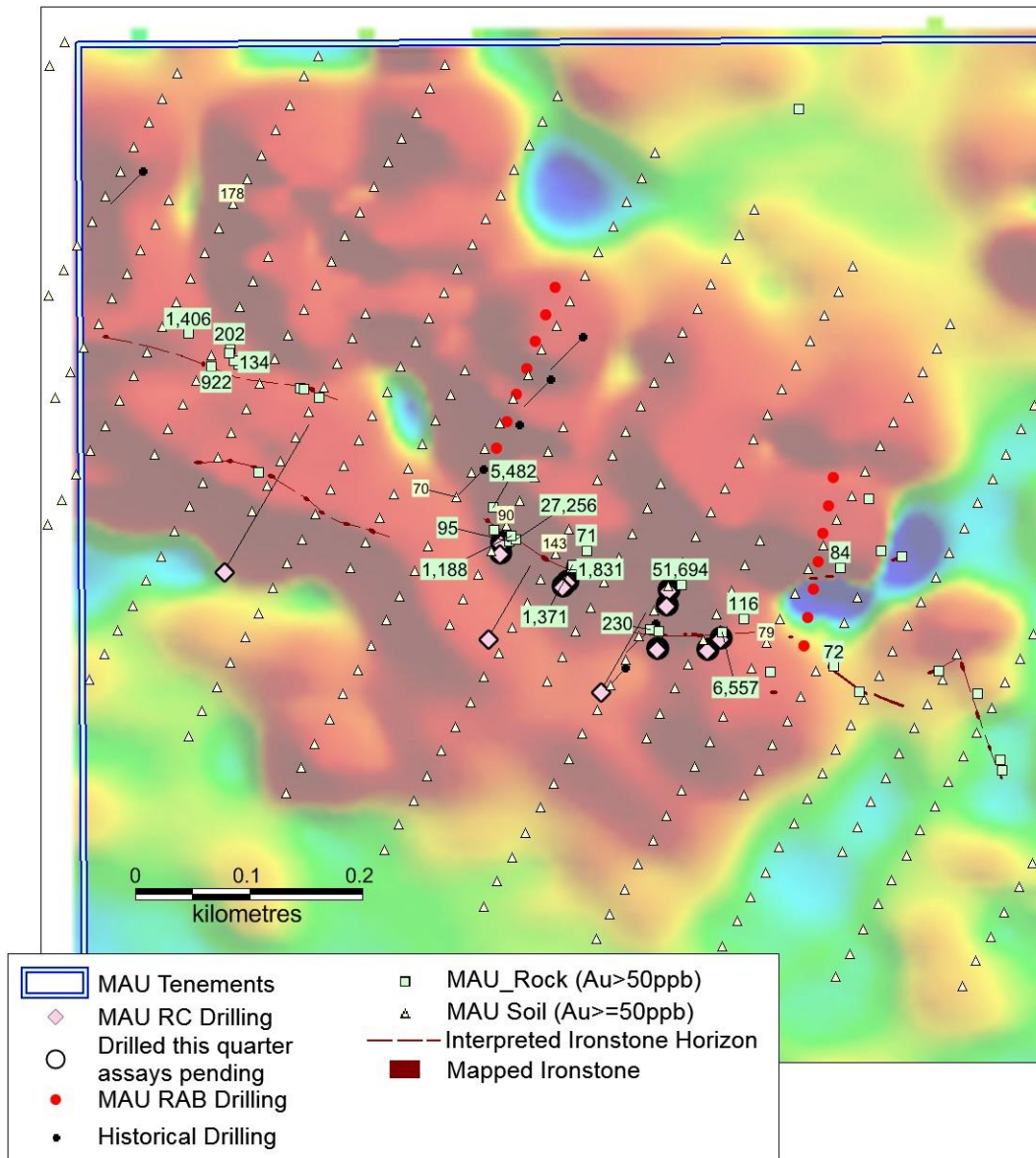


Figure 3. HN4 ground magnetics showing highly anomalous rock chip samples and RC drilling within a quartz ironstone

Hawks Nest 6

This prospect comprises a 1.5km-long arcuate magnetic trend with some old gold diggings. Wide-spaced shallow geochemical traverses were carried out over selected magnetic targets with anomalous gold in the range 0.06 to 0.70g/t Au recorded in amphibolite in several locations (Figure 4).

A programme of soil sampling (81 samples) over the 1.5km trend has been completed with a new 500m anomalous geochemical zone defined. Six RC holes totalling 340m tested soil anomalies between 56 and 91ppb associated with a complex strong remanent low

(427940mE, 6827300mN), plus an anomalous shallow RAB intersection of 4m at 0.7g/t from surface (427777mE, 6827030mN). Results are awaited.

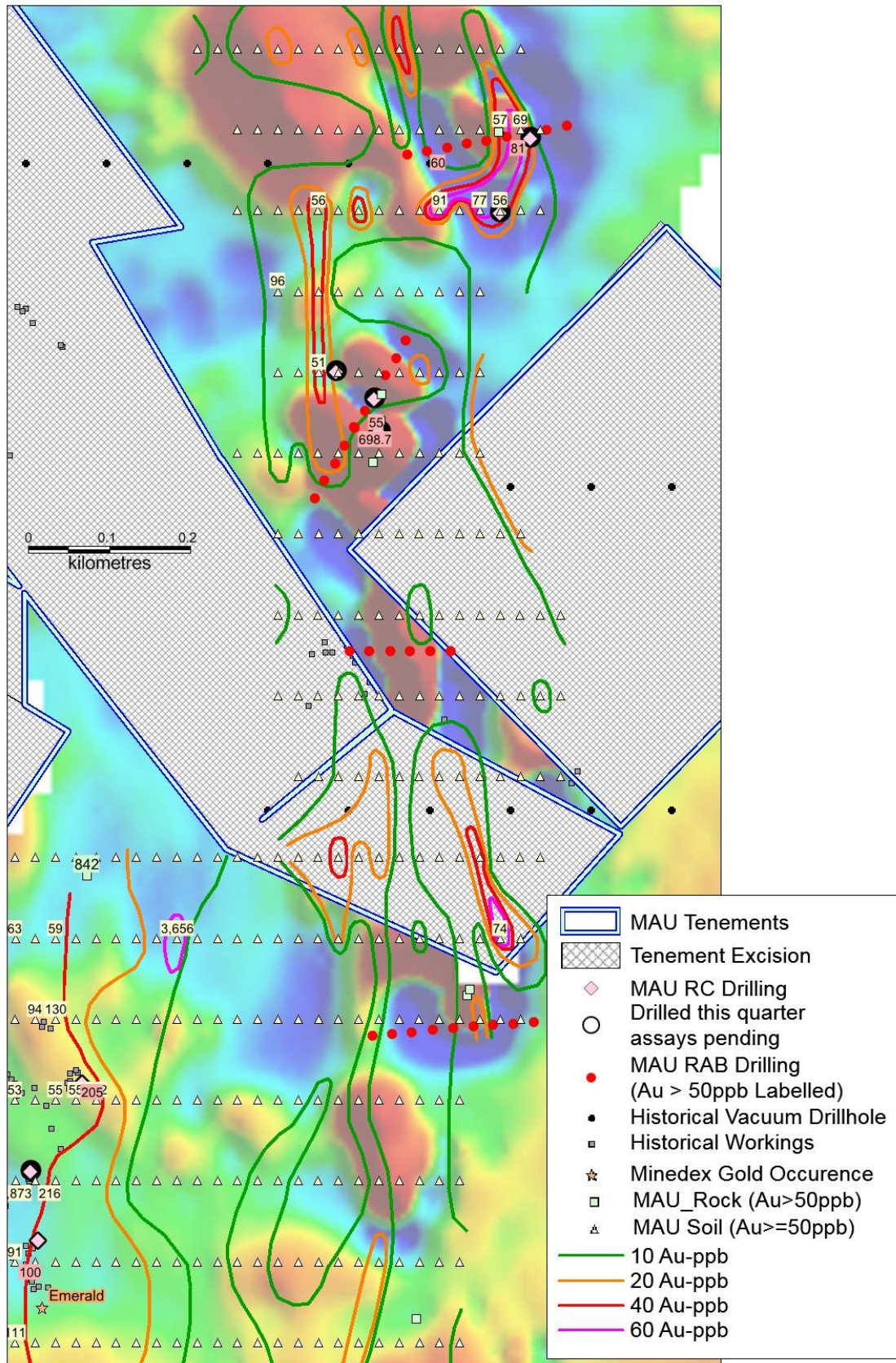


Figure 4. Hawks Nest E38/3127 HN6 on ground magnetics showing current RC drilling and soil programme

Mt Jumbo East

Mt Jumbo East comprises 11km² of new tenement applications, with at least 3 prospects. Significant shallow historical drill intersections at the No Name prospect include 6m @ 5.8g/t Au from 10m in drillhole MJC09, including 3m @ 10.9g/t Au from 13m (see previous quarter). Very anomalous surface samples from 1.8 to 3.2g/t are found at the Horseshoe Pass prospect (Figure 5).

A300-lag sampling programme has been planned over at least 6 targets and 201 samples have been taken to date (Figure 5). Follow up drilling is expected from these mainly Au in BIF style targets.

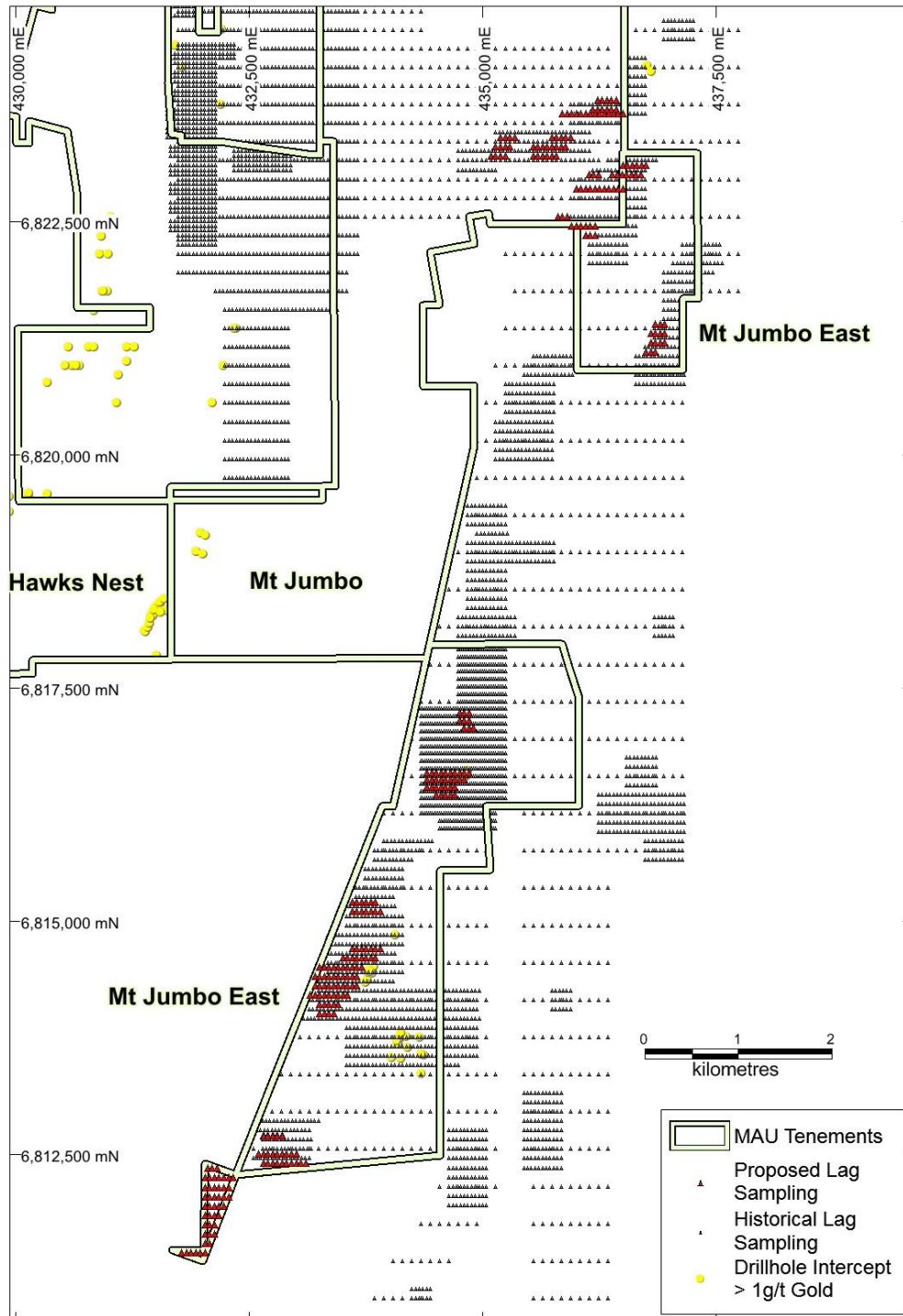


Figure 5. Mt Jumbo - Mt Jumbo East Lag Sampling in progress

Mertondale E37/1258

Magnetic Resources has 180km² of tenements in the Mertondale region (Figure 6), which has numerous dilution targets at changes in orientation of the Mertondale shear and parallel shears.

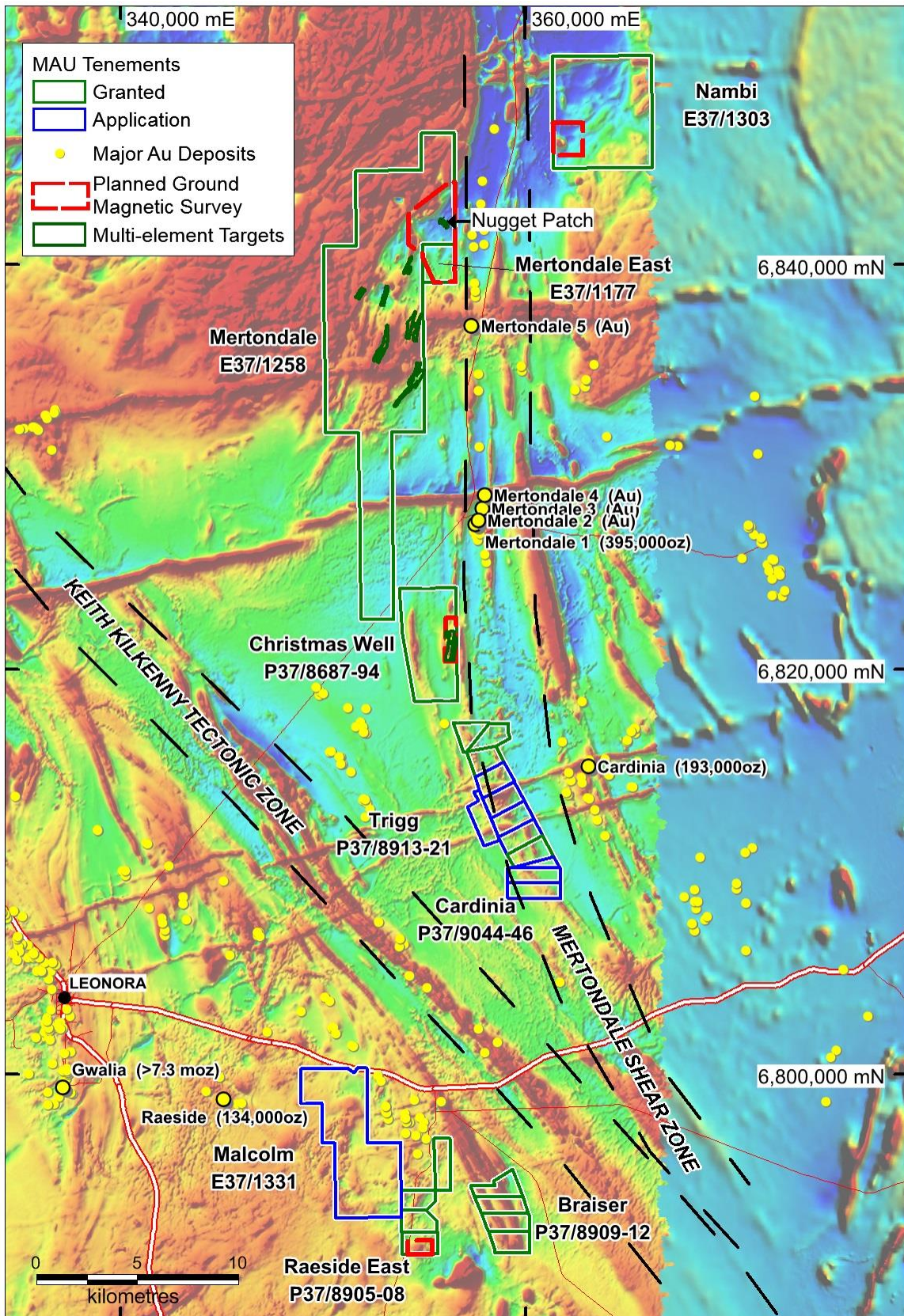


Figure 6. Mertondale, Mertondale East, Christmas Well, Trigg, Raeside, Raeside East, Braiser and Nambi Projects. Showing major shear zones, targets and Gold deposits and historic workings

About 8.4km of multi element geochemical targets have been delineated after below hardpan shallow RAB drilling has been completed approximately 20km NW of the Cardinia Gold Project (193,000oz) and only 5km west of the Mertondale Deposit (395,000oz). Previous soil geochemical work was too shallow to be effective. Three intrusive targets like the Wallaby deposit signature are to be tested as well.

Mertondale Large Gold Nuggets

Over the last several months more than 70oz 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 Figures 7–10. These nuggets are very large with the latest nugget estimated to contain over **20oz** (356218mE, 6842145mN) and being 10cm long by 5cm in size (Figures 9 and 10; MAU ASX Release 2 November 2017).

These nuggets are reported to occur at shallow depths of 0-2m within an alateritic 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.



Figure 7. Mertondale gold nuggets, including one 11oz nugget



Figure 8. Mertondale fine gold from panning from the original gold patch



Figure 9. Large 21oz (670g) gold nugget recovered from Mertondale



Figure 10. Excavation at Mertondale for some of the large nuggets including the 21oz nugget

The area where the nuggets have been found as well as surrounding areas (8km²) has now been covered with a detailed soil sampling programme (599 samples), as well as 486 laterite samples, 74RAB drillholes and 26shallow RC holes to approximately 60m depth each (Figure 11).

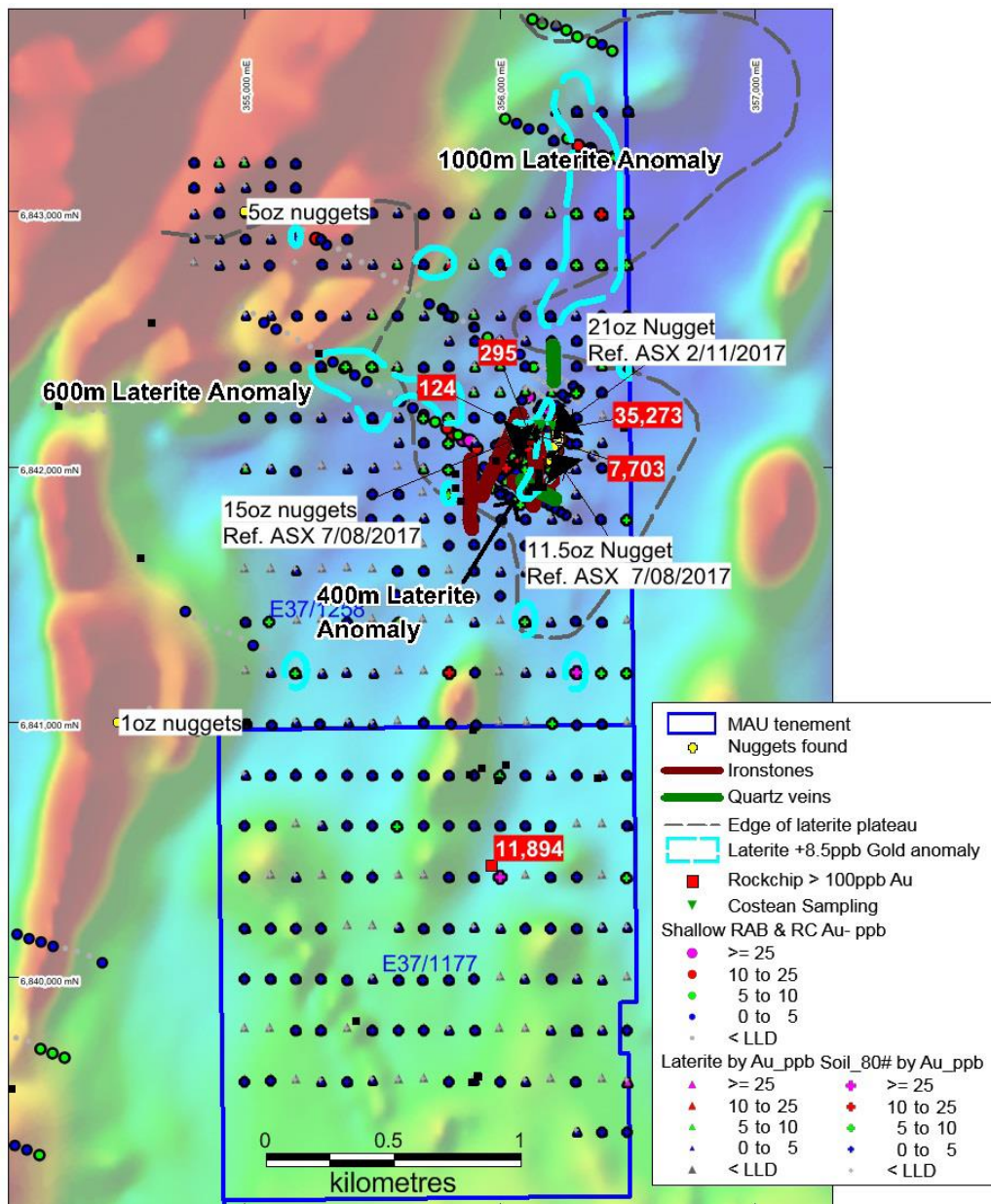


Figure 11. Mertondale Laterite gold anomalies, gold nugget trench samples and RC drilling

Magnetic has signed a tribute agreement with Mr Matt Taylor the Mertondale pastoralist. The main points are that a 500t 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. Due to the success of this dozing and detecting programme, an additional 1000t has been approved.

Laterite sampling

Broader spaced (100m x 100m) laterite sampling to the north of the recent gold nugget discoveries (MAUASX Releases 7 August 2017 & 2 November 2017) has outlined a 1000m-long north-trending gold anomaly (+10ppb, peak 40ppb, background 1–4ppb) on the eastern margin of E37/1258 Mertondale, starting about 300m north of the original gold nugget discovery on 7 August 2017 (Figure 11). This large laterite anomaly is being mapped in detail prior to a further RC/AC drilling programme.

This linear feature parallels the mineralized Mertondale Fault situated 2km to the east and represents a worthwhile target for gold nuggets, gold-rich ironstone and deeper-seated mineralisation. A second laterite gold anomaly (+10ppb, peak 22ppb) has been identified about 400m west of the original nugget discovery, trending WNW over a 600m strike length (Figure 11).

Numerous secondary ironstone occurrences have been identified in this area, some of which are gold bearing based on reports from local prospectors who have used metal detectors and then crushed and panned the ironstone (Figure 12).

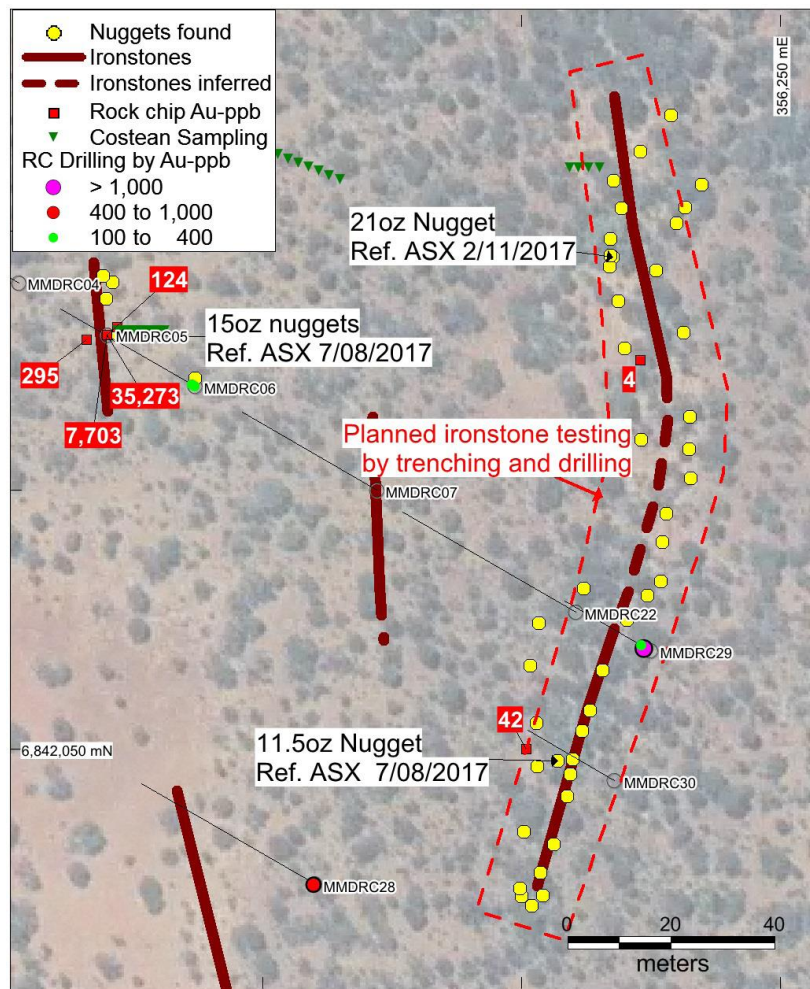


Figure 12. Gold nugget and ironstone summary of the nugget patch area, with a total of about 70oz goldnuggets found to date within the nugget patch area

The main prospecting activity is currently focused on a north-trending secondary ironstone exposed by shallow mechanized trenching about 100m east of the original nugget discovery (MAU ASX release 7 August 2017). The ironstone is approximately 5m wide and has been so far traced for a strike length of 150m. About 40 nugget locations have been recorded by prospectors along the ironstone, with nugget sizes reported to range from 1cm to 10cm.

The 21oz nugget (10cm) was reported in the ASX release of 2/11/2017. Reports from the prospector is that most of the nuggets are embedded in the ironstone/calcrete material which appears like a conglomerate or a silcrete.

In the northern part of the Mertondale tenement, more than 70oz of gold nuggets have been located to date. Mapping and sampling of this and other ironstones in the area is in progress. A programme of scout RC drilling has just been completed in this area, with analysis of drill samples in progress.

A detailed trench sampling programme is being assessed to elucidate the economic potential for the extensive ironstones mapped here.

Follow-up shallow geochemical RAB drilling in the central part of the exploration licence has identified further anomalous gold values of 71ppb and 132ppb, open to the south. These anomalous values occur on a major 3.1km long structural offset of a Proterozoic dyke, a potentially favourable structural position for gold mineralization (Figure 14). Further shallow RAB geochemical drilling has been completed with 242 samples being assayed.

George Sakalidis commented, “we are very encouraged by the nugget patch and the local surrounds, which contain large numbers of coarse nuggets, which appear to have shed off the extensive mapped ironstones in this area. Two other large anomalous areas in the laterite of 1km and 0.6km in length are prospective for these nuggets, ironstone and deep mineralisation potential and will be investigated with future programmes.

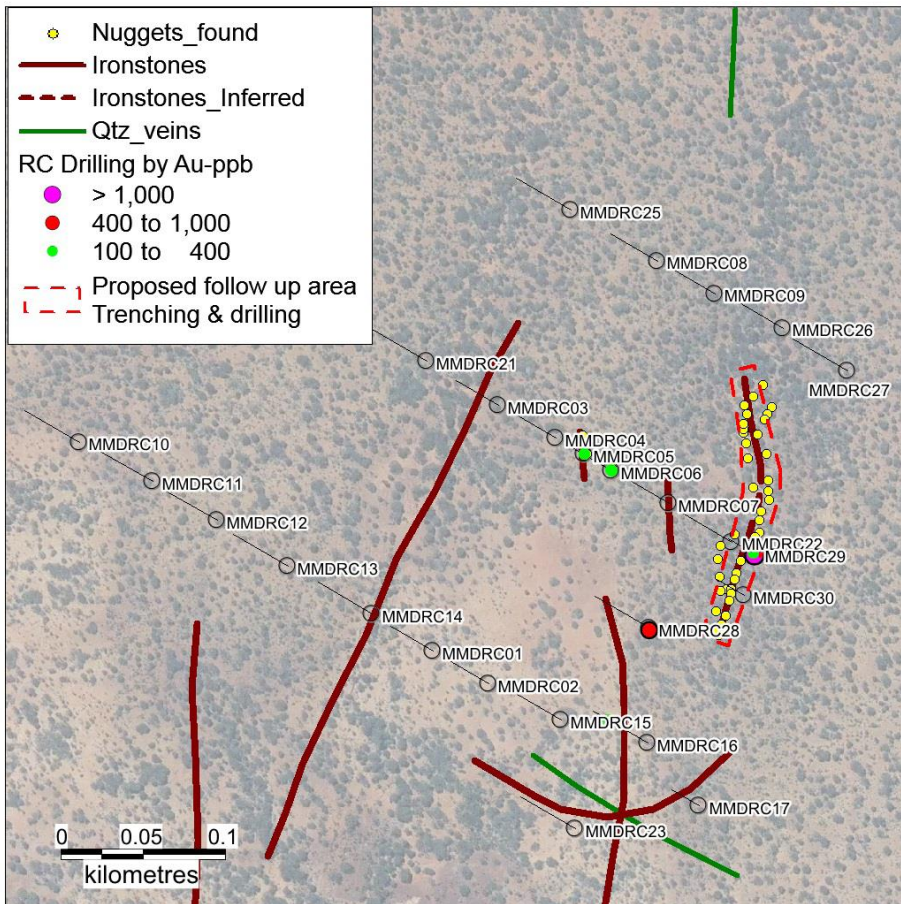


Figure 13. RC drilling, Ironstones and gold nugget occurrences

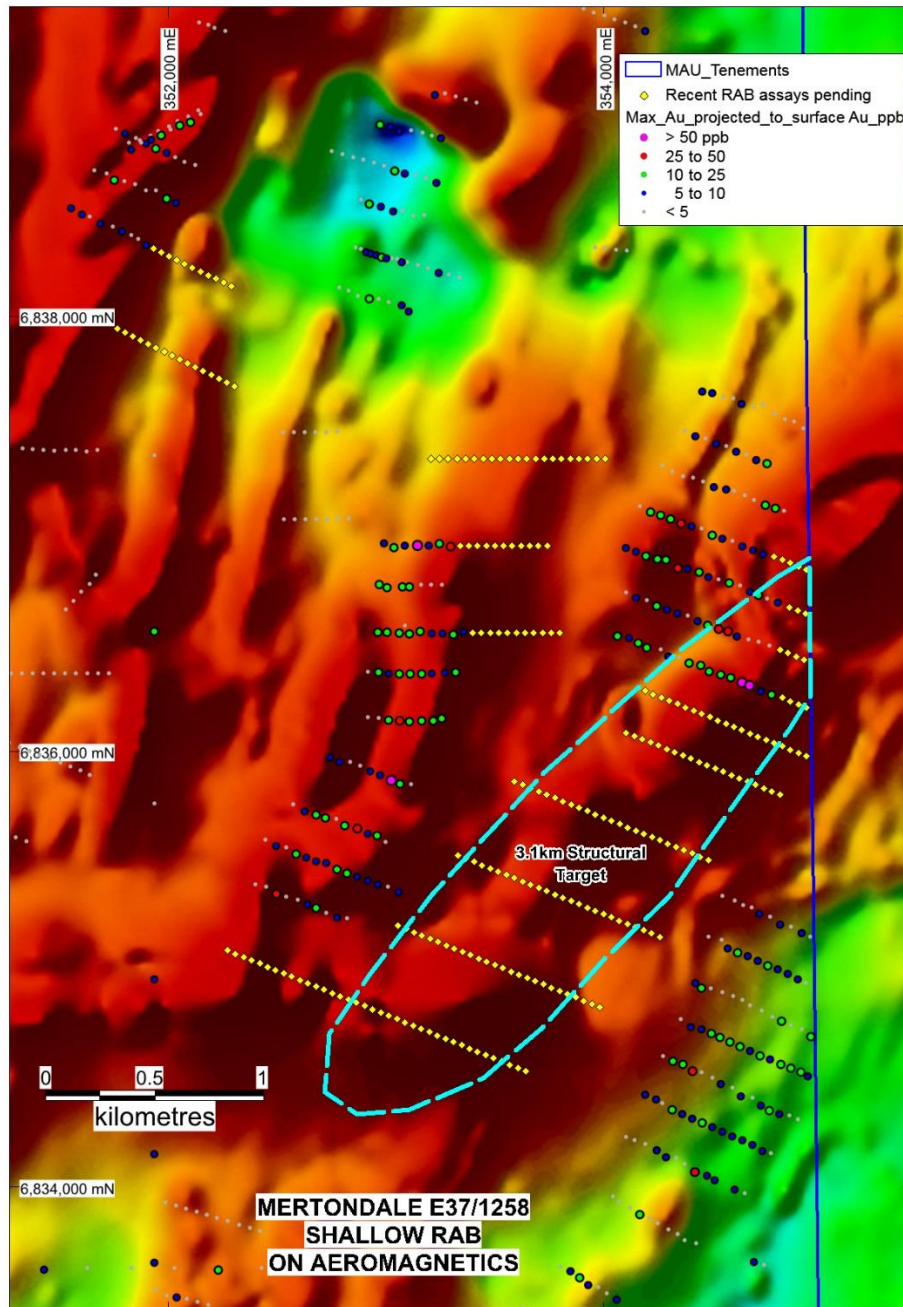


Figure 14. Anomalies and completed shallow RAB drilling on the 3.1km-long structural offset of a Proterozoic dyke

Drilling

RC drilling at Mertondale (Figure 6, Table 2) have intersected gold mineralisation in lateritic ironstone within the 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 **35.3g/t**, **7.7g/t** and **0.3g/t** from 3 separate 1kg samples within the western wall of the pit (Figure 12). In addition, a brecciated quartz vein in laterite within E37/1177 returned a high-grade gold value of **11.9g/t** (Figure 11).

The RC drilling programme was designed predominately to test the original nugget find near drillhole MMDRC05 (see Figure 11) 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.

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 4.

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 12 and 13, 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 11) 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 11).

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.

Table 4. 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

Christmas Well P37/8687-94

Shallow RAB (<4m) below hardpan geochemical sampling have been carried out at the Christmas Well project (P37/8687–8694) 10km NW of Kin Mining’s Cardinia project (Figure 15).

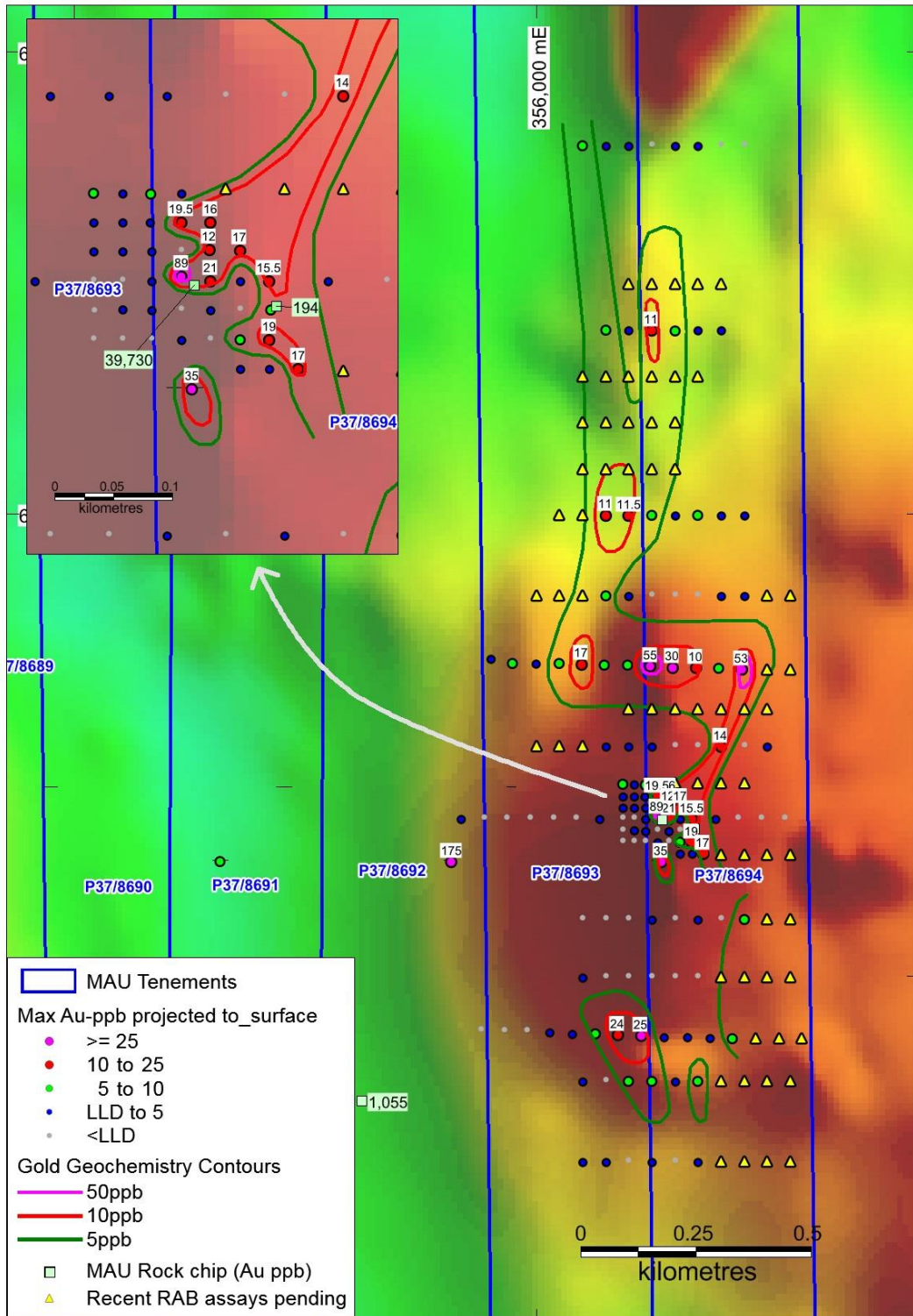


Figure 15. Christmas Well Shallow RAB Results, Aeromagnetics Image

A significant 2000m-long N–S anomalous gold zone has been defined with values up to 194ppb and 39.7g/t (39,730ppb) centred on the historical Triumvirate workings (Figure 15). Historically similar high grades were mined with 1500g of gold being recovered from 50

tonnes of ore extending over 110m of workings, striking SSE in a vertically dipping quartz lode hosted by meta-basalts near the contact with felsic schists (WAMEX report A27915).

A further 65 infill shallow RAB holes have recently been completed and assays are pending. This N–S structural zone is parallel and close to the Mertondale shear zone where many significant mines occur including Mertondale 1,2,3,4,5 (395,000oz) and the recent Kin Mining Discovery at Cardinia (>193,000oz). Magnetic Resources is encouraged by these early geochemical results and RC/AC holes are planned to test the best parts of the 2000m long geochemical anomaly.

Birthday Patch Gold Tenements

In January 2018 Magnetic Resources entered into an option to purchase agreement with prospector Lynsay Masters on the Birthday Patch prospect comprising tenements E53/1978 (application pending), P53/1627(granted) and P53/1628 (granted) totalling 37km², situated 123km east of Wiluna and 225km north of Magnetic’s Leonora–Laverton Project (**Figure 16**). A \$5000 option fee payment has been paid and Magnetic has the right to explore for a further 9 months before an option exercise price of \$35,000 needs to be paid for 100% ownership of the tenements.

Magnetic has also applied for E53/1981 totalling 138km², which surrounds the optioned tenements. E53/1981 is not part of the option with Lynsay Masters and once this tenement is granted it will be owned 100% by Magnetic.

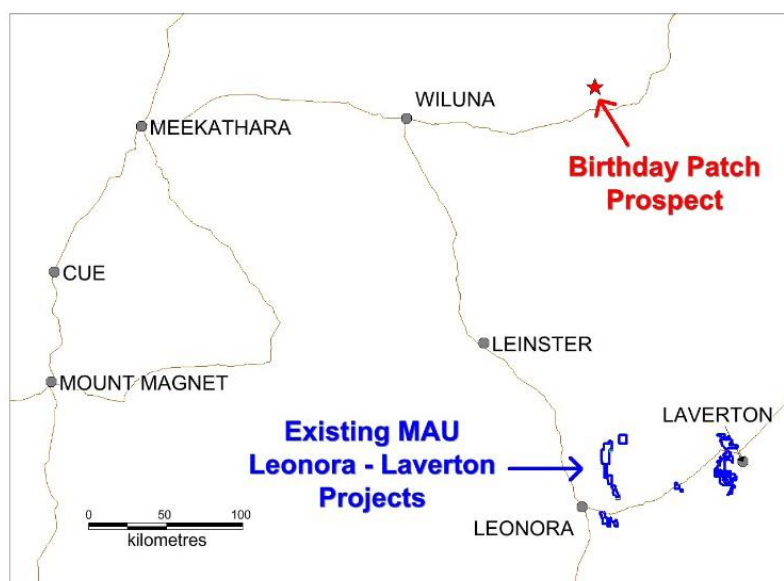


Figure 16. Birthday Patch Prospect Location

Birthday Patch is a virgin discovery of high-grade gold as evidenced by the gold in quartz recovered to date. The absence of any historical drilling and the coincidence with our interpretation of a large shear zone make this a very attractive drilling proposal, giving Magnetic yet more upside in its search for high-grade gold resources.

The optioned tenements cover a 700m-long corridor within which near-surface gold nuggets have been reported by prospectors using metal detectors (Figure 17). Examples of the gold in quartz and gold nuggets reported from this area are shown in Figures 18 and 19 respectively. GSWA mapping indicates that the nugget occurrences are situated on a granite-sediment contact (Figure 20).

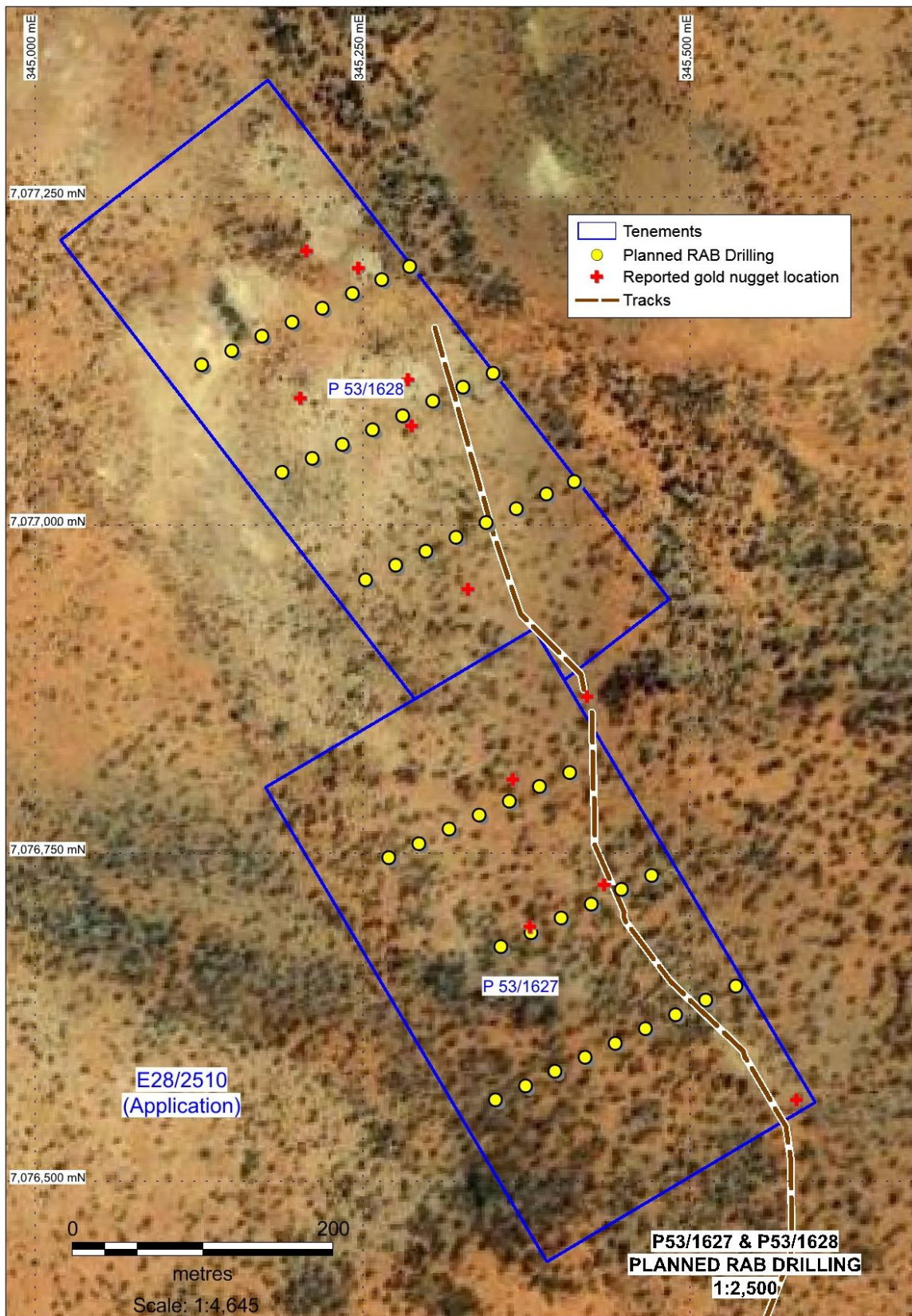


Figure 17. P53/1627,1628 Gold Nugget Locations and Proposed Drilling



**Figure 18. High Grade Gold in Quartz from P53/1627
(largest specimen approximately 10cm in length)**



Figure 19. Gold Nuggets from P53/1627 and 1628

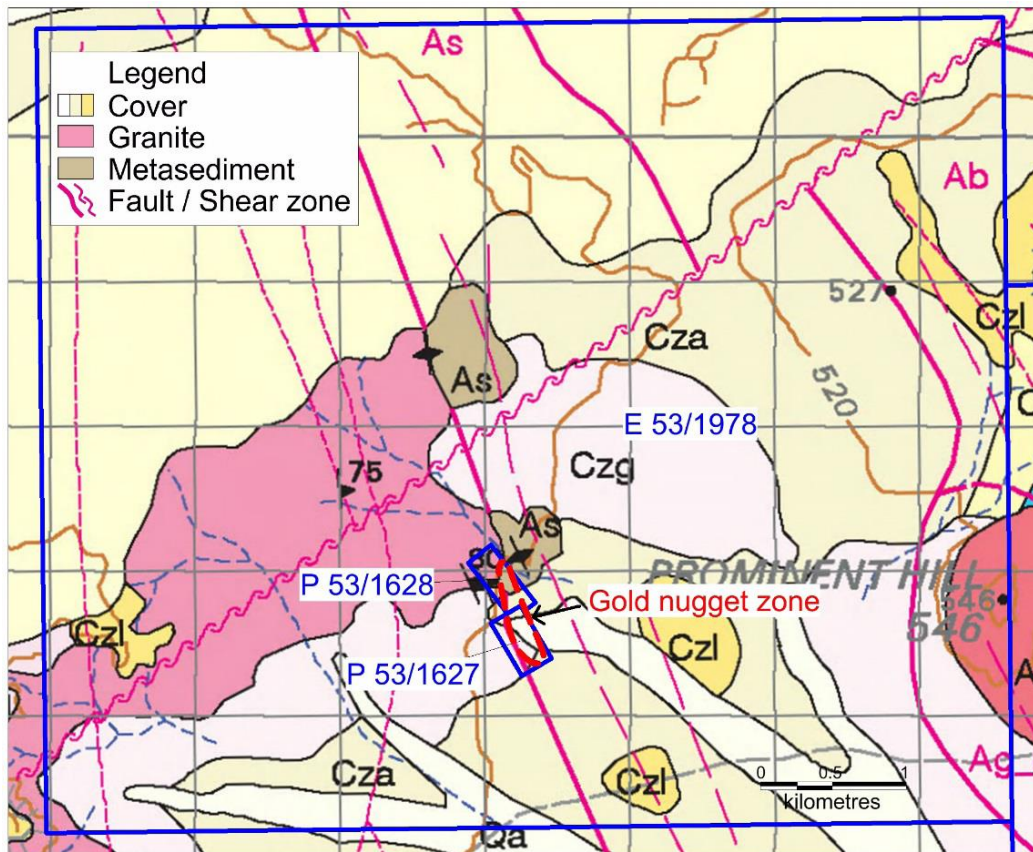


Figure 20. E53/1978 Geology (source GSWA)

A geological inspection of the area revealed evidence of sheared ultramafic rocks underlying the nugget occurrences and supported by a linear aeromagnetic anomaly in this position. **Outcropping granite to the west of the nugget zone shows a very strong foliation, supporting the interpretation of a sheared contact with the ultramafics and sediments to the east.** The granite hosts several large white quartz veins parallel with the foliation, which appear to be barren.

The nugget zone is soil and hardpan covered, however two low mounds comprise cemented pebbles and sub-rounded to angular fragments of grey quartz interpreted to be the basal gravel of a paleochannel. Nearby, hand excavation by the prospectors discovered gold in fragments of similar grey quartz beneath shallow hardpan (Figures 18 and 21). The grey gold-bearing quartz is quite different in appearance from the white quartz in the granite-hosted veins to the west and is considered to have a different source.



Figure 21. Location of Gold in Quartz Specimens in Shallow Excavation on P53/1627

Although the source of the gold-bearing quartz and gold nuggets is yet to be determined, the sub-rounded to angular nature of some of the quartz pebbles suggests that the source is not distal. There are several examples in the Eastern Goldfields of gold-bearing paleochannels being underlain by or in near proximity to bedrock mineralisation, such as at Kanowna east of Kalgoorlie and at Higginsville south of Kalgoorlie. **The presence of a large interpreted shear zone adds weight to the potential for a nearby high-grade bedrock source of the gold.**

Significantly, the aeromagnetics shows a pronounced bend in the interpreted position of the shear zone, which can be a favourable location for gold mineralization (**Figure 22**). The magnetic signature of the ultramafic unit in this position is somewhat weaker; one possible explanation being hydrothermal destruction of magnetite, which could be associated with gold mineralisation.

Magnetic has also applied for an exploration licence (E53/1891) covering a 9km extension of the interpreted shear zone to the north and a 6km extension to the south (**Figure 23**). A pronounced bend on the northern end of this structure evident on aeromagnetics will become an early exploration target upon grant of the tenement.

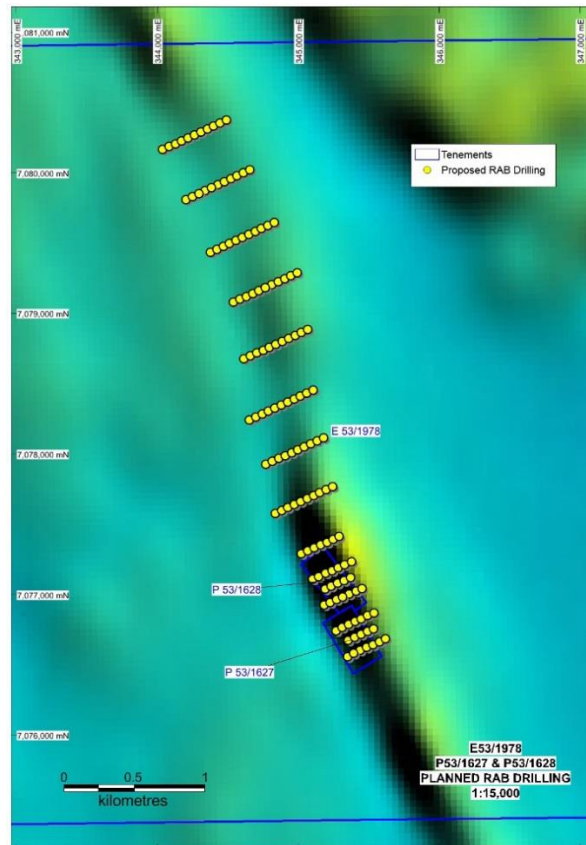


Figure 22. E53/1978 Extended Proposed RAB Drilling on Aeromagnetic Dilational Structural Target

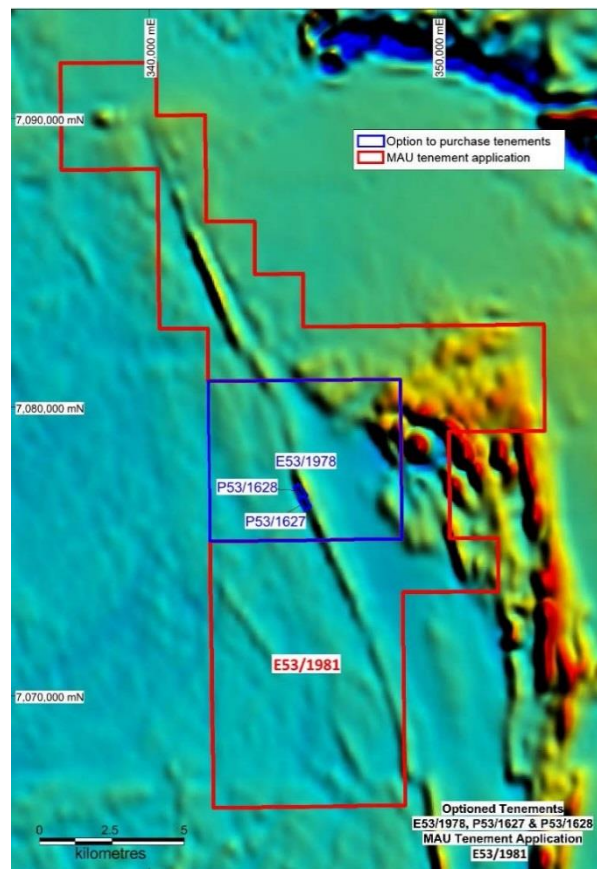


Figure 23. Magnetic's Exploration Licence Application and Optioned Tenements on an Aeromagnetics Image

A 48-hole shallow RAB programme is planned shortly to test for this gold bearing quartz in a major shear zone within an ultramafic in the two PLS. Upon grant of the exploration licence and statutory drilling permits Magnetic plans to test for a bedrock source below and adjacent to the nugget zone and to test the structural target on the shear zone to the north. This initial drilling will cover a strike length of 4km.

Under the terms of the option agreement Magnetic may purchase the tenements (E53/1978, P53/1627 and P53/1628) for a total of \$40,000 during the period to 30 September 2018 (extendable to 31 December 2018) and may withdraw at any time during that period.

Other Projects

The Company is actively reviewing other projects and tenements for acquisition and development within the Leonora-Laverton region.

Iron Ore

A Purchase agreement was signed during the year with Northam Iron Pty Ltd. Following a 3-month due diligence period, the Company received its first payment of \$500,000 on 28 November 2017. The agreement includes further payments totalling \$1,000,000 and a sliding scale royalty with payments starting at \$0.25/t for a sale price of \$80.00/t or less, and thereafter, for every increase in the sale price of \$10.00/t the royalty rate will increase by \$0.25/t.

Corporate

On 20 November 2017, the Company held its Annual General Meeting where all resolutions were passed unanimously on a show of hands.

On 6 December 2017, the Company issued 1,304,348 new shares and 3,000,000 options to related parties following shareholder approval at the 2017 Annual General Meeting.

Tenement Schedule:

Tenement Schedule in accordance with ASX Listing Rule 5.3.3

Tenements held at the end of the Quarter

Location	Tenement	Nature of Interest	Project	Equity (%) held at start of Quarter	Equity (%) held at end of Quarter
WA	E70/3536	Granted	JUBUK	100%	Royalty Retained
WA	E70/4243	Granted	RAGGED ROCK	100%	Royalty Retained
WA	E70/4508	Granted	KAURING	100%	Royalty Retained
WA	E70/4528	Granted	KAURING	100%	Royalty Retained
WA	E70/4692	Granted	MT JOY	100%	Royalty Retained
WA	E38/3100	Granted	MT JUMBO	100%	100%
WA	P39/5594	Granted	KOWTAH	100%	100%
WA	P39/5595	Granted	KOWTAH	100%	100%
WA	P39/5596	Granted	KOWTAH	100%	100%
WA	P39/5597	Granted	KOWTAH	100%	100%
WA	P38/4201	Granted	MT JUMBO	100%	100%
WA	E37/1258	Granted	MERTONDALE	100%	100%
WA	P37/8687	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8688	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8689	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8690	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8691	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8692	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8693	Granted	CHRISTMAS WELL	100%	100%
WA	P37/8694	Granted	CHRISTMAS WELL	100%	100%
WA	P39/5617	Granted	KOWTAH EAST	100%	100%
WA	E38/3127	Granted	HAWKS NEST	100%	100%
WA	P38/4317	Granted	MT JUMBO EAST	100%	100%
WA	P38/4318	Granted	MT JUMBO EAST	100%	100%
WA	P38/4319	Granted	MT JUMBO EAST	100%	100%
WA	P38/4320	Granted	MT JUMBO EAST	100%	100%
WA	P38/4321	Granted	MT JUMBO EAST	100%	100%
WA	P38/4322	Granted	MT JUMBO EAST	100%	100%
WA	P38/4323	Granted	MT JUMBO EAST	100%	100%
WA	P38/4324	Granted	MT JUMBO EAST	100%	100%
WA	E38/3205	Application	HAWKS NEST EAST	100%	100% Pending Grant
WA	E38/3209	Granted	MT AJAX	100%	100%
WA	E37/1303	Granted	NAMBI	100%	100%
WA	P37/8905	Granted	RAESIDE EAST	100%	100%
WA	P37/8906	Granted	RAESIDE EAST	100%	100%
WA	P37/8907	Granted	RAESIDE EAST	100%	100%
WA	P37/8908	Granted	RAESIDE EAST	100%	100%
WA	P37/8909	Granted	BRAISER	100%	100%
WA	P37/8910	Granted	BRAISER	100%	100%
WA	P37/8911	Granted	BRAISER	100%	100%
WA	P37/8912	Granted	BRAISER	100%	100%
WA	P37/8913	Granted	TRIGG	100%	100%

WA	P37/8914	Granted	TRIGG	100%	100%
WA	P37/8915	Granted	TRIGG	100%	100%
WA	P37/8916	Application	TRIGG	100%	100% Pending Grant
WA	P37/8917	Application	TRIGG	100%	100% Pending Grant
WA	P37/8918	Application	TRIGG	100%	100% Pending Grant
WA	P37/8919	Application	TRIGG	100%	100% Pending Grant
WA	P37/8920	Application	TRIGG	100%	100% Pending Grant
WA	P37/8921	Granted	TRIGG	100%	100%
WA	P37/9044	Application	CARDINIA	-	100% Pending Grant
WA	P37/9045	Application	CARDINIA	-	100% Pending Grant
WA	P37/9046	Application	CARDINIA	-	100% Pending Grant
WA	E37/1331	Application	MALCOLM	-	100% Pending Grant
WA	E37/1177	Granted	MERTONDALE EAST	-	100%

Mining Tenements acquired during the Quarter

WA	E37/1177	Granted	MERTONDALE EAST	-	100%
----	----------	---------	-----------------	---	------

Mining Tenements disposed during the Quarter

WA	E37/1325	Application	RAESIDE	100%	Application Withdrawn
WA	E70/3536	Granted	JUBUK	100%	Transferred - Royalty Retained
WA	E70/4243	Granted	RAGGED ROCK	100%	Transferred - Royalty Retained
WA	E70/4508	Granted	KAURING	100%	Transferred - Royalty Retained
WA	E70/4528	Granted	KAURING	100%	Transferred - Royalty Retained
WA	E70/4692	Granted	MT JOY	100%	Transferred - Royalty Retained

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

George Sakalidis
Managing Director
Phone (08) 9226 1777
Mobile 0411640 337
Email gsakalidis@magres.com.au

Competent Person's Statement

Information in this report that relates to Exploration is based on information reviewed or 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. He 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.

Note:

Where historical exploration results are mentioned, the Company's Competent Person has examined these historical results and confirms that no additional work has been carried out to change the reporting of those results other than as disclosed in this announcement.