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## ROBUST NEAR SURFACE HIGH GRADE ZONE OF 7M @ 4.5 G/T GOLD FROM 5M IN HOLE MHNRC48 FROM 1M SPLITS

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Magnetic Resources NL (the Company or Magnetic) is very pleased to announce confirmation of a **significant very shallow gold mineralised zone at HN5 near old workings** (Figure 1), within the Hawks Nest tenement E38/3127 after the individual 1m splits were analysed. In drillhole MHNRC48, the 1m fire assays show an intersection of **7m @ 4.5g/t gold from 5m or 6m @ 5.0g/t from 5m in hole MHNRC48** (Table 1). Because of this high grade shallow intersection, a larger detailed soil geochemical programme has been being carried out with 298 soil samples on a 25x20m spacings with assays expected shortly. This will guide our imminent RC drilling programme where initially nine holes are planned for 540m. The highlighted 1m splits for drillhole MHNRC48 are shown in Table 1. A more complete table for other 1m splits from HN4 and 5 are shown in Table 2.

**Table 1. MHNRC48 Significant Intercepts > 1g/t Gold**

Hole_Id	MGA_East	MGA_North	From	To	Width	Au g/t
MHNRC48	427179	6826508	4	8	4	4.713
MHNRC48			5	6	1	4.415
MHNRC48			6	7	1	2.079
MHNRC48			7	8	1	9.675
MHNRC48			8	12	4	3.728
MHNRC48			8	9	1	3.454
MHNRC48			9	10	1	6.298
MHNRC48			10	11	1	3.884
MHNRC48			11	12	1	1.282

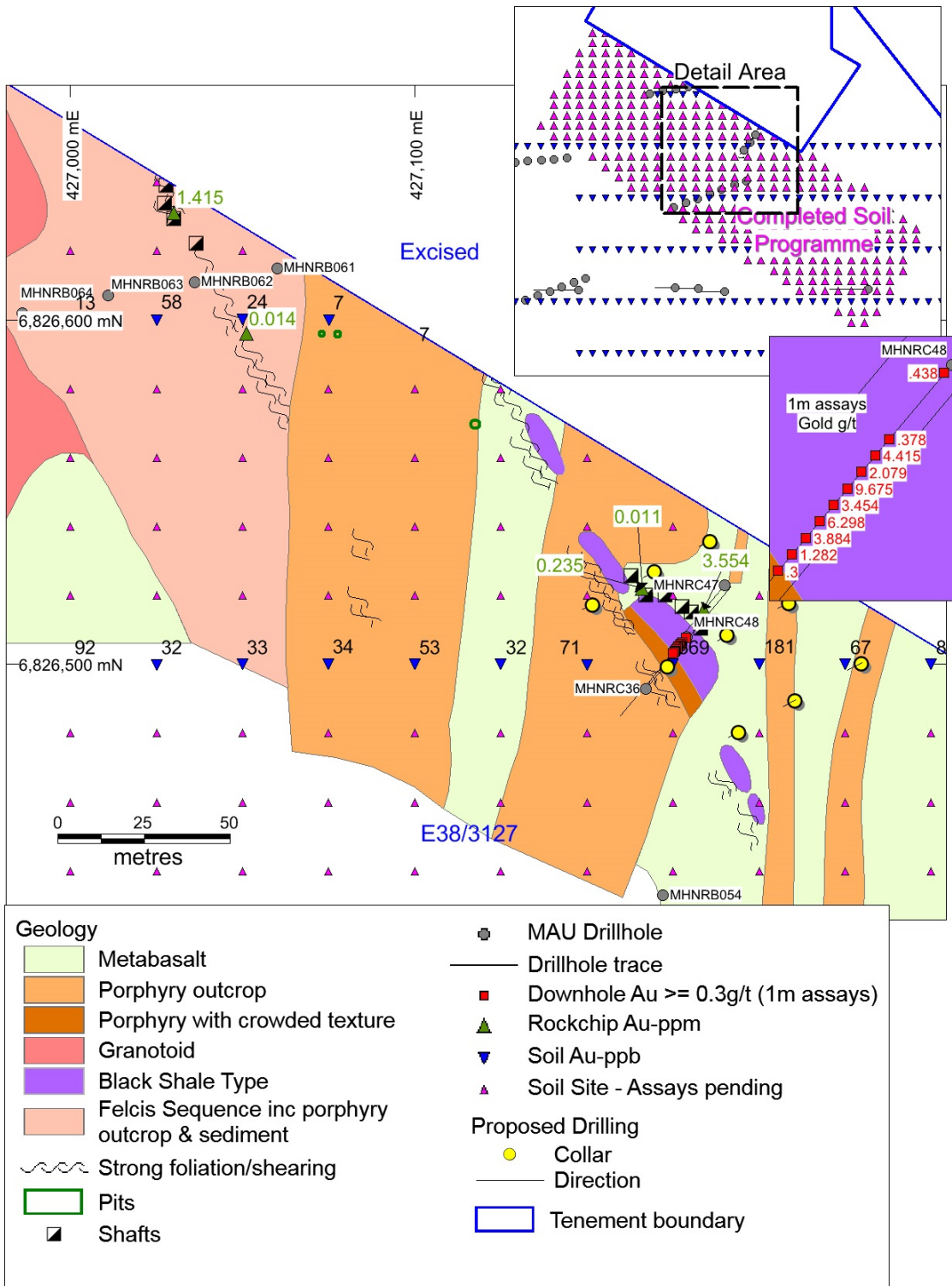


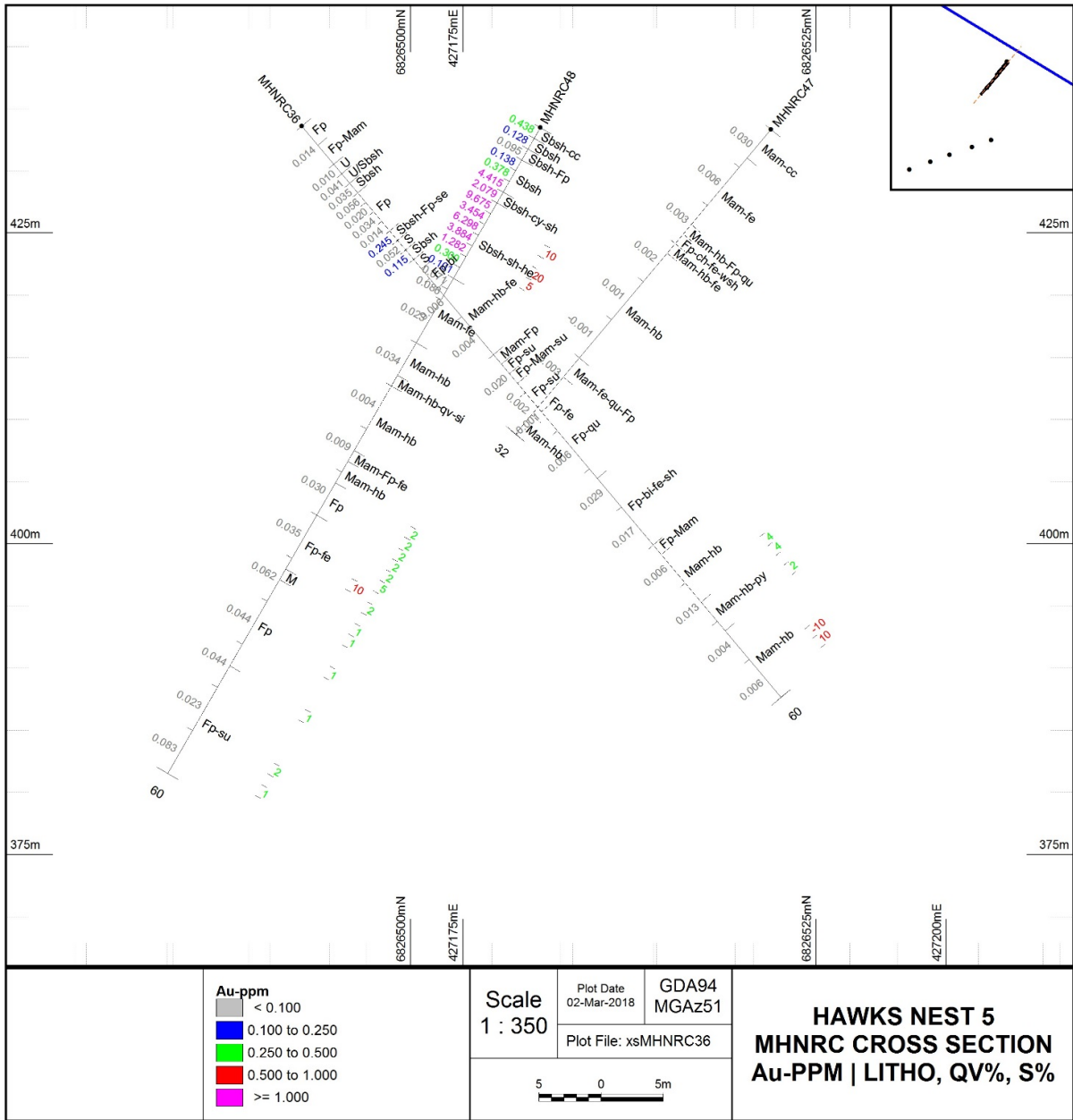
Figure 1. Geological, workings, drilling and 1m intersections summary plan.

**Table 2. Significant Intercepts  $\geq 0.1\text{g/t}$  Gold,  $> 1\text{g/t}$  highlighted in red**

Hole_Id	MGA_East	MGA_North	From	To	Width	Au g/t
MHNRC35	427343	6826114	32	36	4	0.138
MHNRC35			33	34	1	0.220
MHNRC35			34	35	1	0.188
MHNRC35			35	36	1	0.177
MHNRC35			37	38	1	0.135
MHNRC35			68	72	4	0.124
MHNRC35			69	70	1	0.156
MHNRC35			70	71	1	0.161
MHNRC35			71	72	1	0.180
MHNRC35			72	73	1	0.142
MHNRC35			73	74	1	0.111
MHNRC35			74	75	1	0.120
MHNRC35			77	78	1	0.183
MHNRC38	425654	6826328	4	8	4	0.280
MHNRC38			7	8	1	<b>4.825</b>
MHNRC41	425610	6826329	8	12	4	0.788
MHNRC41			9	10	1	<b>1.417</b>
MHNRC41			10	11	1	0.187
MHNRC45	425472	6826413	12	16	4	0.198
MHNRC45			14	15	1	0.213
MHNRC45			15	16	1	0.264
MHNRC48	427179	6826508	0	4	4	0.185
MHNRC48			0	1	1	0.438
MHNRC48			1	2	1	0.128
MHNRC48			2	3	1	0.095
MHNRC48			3	4	1	0.138
MHNRC48			4	8	4	<b>4.713</b>
MHNRC48			4	5	1	0.378
MHNRC48			5	6	1	<b>4.415</b>
MHNRC48			6	7	1	<b>2.079</b>
MHNRC48			7	8	1	<b>9.675</b>
MHNRC48			8	12	4	<b>3.728</b>
MHNRC48			8	9	1	<b>3.454</b>
MHNRC48			9	10	1	<b>6.298</b>
MHNRC48			10	11	1	<b>3.884</b>
MHNRC48			11	12	1	<b>1.282</b>
MHNRC48			12	16	4	0.097
MHNRC48			12	13	1	0.300
MHNRC48			13	14	1	0.101

Due to the encouraging result in MHNRC48 at HN5 further drilling is warranted to confirm the orientation of the mineralised zone to the NNW, the structural setting of the mineralisation and the host rock stratigraphy. Detailed mapping has been carried out showing **the black shales and associated workings are closely associated with these sinistrally displacing NW shear zones** (Figure 1 and 3) and further mapping is being carried out **to potentially link these shear zones with the ones at the Emerald workings and numerous other NW shear zones**. Three RC drill

holes 20m apart in 50m drill traverses to the NNW and SSE of the shallow intersection (5m - 12m) in MHNRC48 is planned to a depth of 60m. Also, more detailed soil geochemistry on a 25x20m grid has been completed to help define the size and direction of the anomalous rock and soil geochemistry as the original siting of the holes was based on the HNR52 rock sample of 3.55g/t and a soil value of 369ppb (Fig.3). Also, to note an intersection of 1m @ 4.8g/t from 7m in HNR38 at HN4 which is south of the high-grade workings will also be reviewed.



. Figure 2. Cross section for Holes 36, 47 and 48

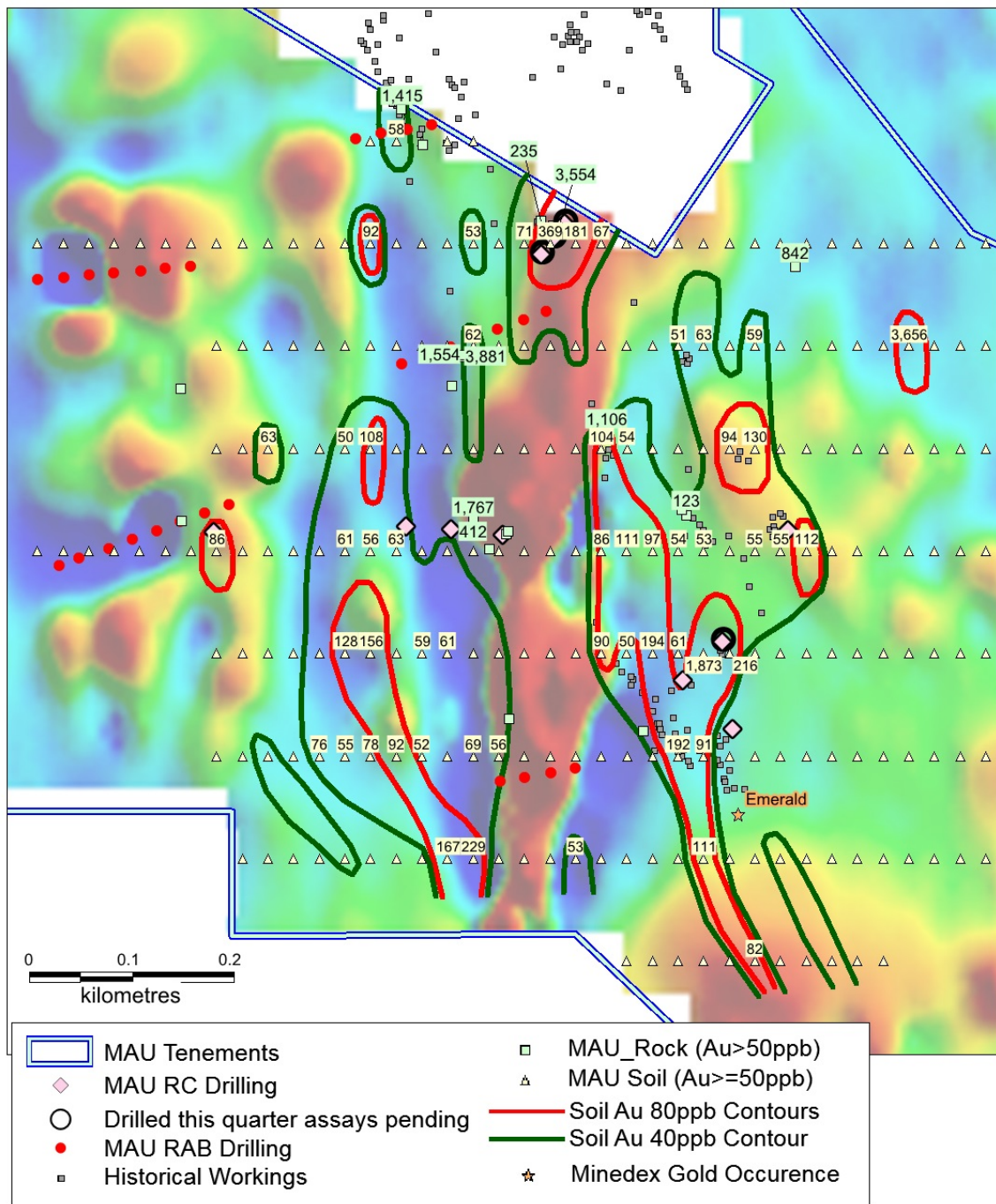


Figure 3. Hawks Nest HN5 ground magnetics with 2x500m soil geochemical anomalies and RC drilling completed in the December 2017 Quarter.

Magnetic Resources Managing Director commented, “This new very shallow discovery of 7m @ 4.5g/t gold from 5m is open to the NW and SE and may link into parallel NW trending workings to the south near Emerald. A recently completed 290-soil programme on a very detailed 25m x 20m grid pattern will drive the exploration here and further south. The black shale unit is intimately associated with the historical NW workings which are just north of our fantastic initial intersection of 7m @ 4.5g/t and is now regarded as a marker for potential new mineralisation. This will also be considered in combination with the detailed geochemistry and paves the way for our search for a significant mineral deposit at Hawks Nest.”

For more information on the company visit [www.magres.com.au](http://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 Hawks Nest project is extracted from the ASX announcement entitled "Hawks Nest delivers with 8m @ 4.2g/t Au from 4m" and is dated 29 January 2018 all of which are available on [www.magres.com.au](http://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 2 report template

## Section 1 Sampling Techniques and Data

(Criteria in this section apply to all succeeding sections.)

Criteria	JORC Code explanation	Commentary
<i>Sampling techniques</i>	<ul style="list-style-type: none"> <li>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.</li> <li>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</li> <li>Aspects of the determination of mineralisation that are Material to the Public Report.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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.</li> <li>Sampling and QAQC procedures are carried out using Magnetic's protocols as per industry sound practice.</li> <li>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.</li> <li>298 Soil samples of approximately 1-2kg were taken at a depth of 25cm using hand held tools. In total 454 samples were taken on a 25m x20m spacing at HN5.</li> </ul>
<i>Drilling techniques</i>	<ul style="list-style-type: none"> <li>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).</li> </ul>	<ul style="list-style-type: none"> <li>Reverse circulation (RC) drilling was carried out using a face sampling hammer with a nominal diameter Wheel of Fortune. No duplicate samples of 140mm.</li> </ul>
<i>Drill sample recovery</i>	<ul style="list-style-type: none"> <li>Method of recording and assessing core and chip sample recoveries and results assessed.</li> <li>Measures taken to maximise sample recovery and ensure representative nature of the samples.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>RC recoveries are visually estimated qualitatively on a metre basis.</li> <li>Various drilling additive (including muds and foams) have been used to condition the RC holes to maximize recoveries and sample quality.</li> <li>Insufficient drilling and geochemical data is available at the present stage to evaluate potential sample bias. Drill samples are sometimes wet which may result in sample bias because of</li> </ul>

Criteria	JORC Code explanation	Commentary
<i>Logging</i>	<ul style="list-style-type: none"> <li>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.</li> <li>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</li> <li>The total length and percentage of the relevant intersections logged.</li> </ul>	<p>preferential loss/gain of fine/coarse material.</p> <ul style="list-style-type: none"> <li>RC chips and chip trays are being geologically logged.</li> <li>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.</li> <li>Logging of RC drillholes records lithology, mineralogy, mineralisation, weathering and colour, and is qualitative in nature.</li> <li>All drillholes were logged in full.</li> </ul>
<i>Sub-sampling techniques and sample preparation</i>	<ul style="list-style-type: none"> <li>If core, whether cut or sawn and whether quarter, half or all core taken.</li> <li>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</li> <li>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</li> <li>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</li> <li>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.</li> <li>Whether sample sizes are appropriate to the grain size of the material being sampled.</li> </ul>	<ul style="list-style-type: none"> <li></li> </ul>
<i>Quality of assay data and laboratory tests</i>	<ul style="list-style-type: none"> <li>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</li> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>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 internal lab standards which indicated acceptable levels of accuracy and precision although in rare cases there is some indication of the presence of</li> </ul>



Criteria	JORC Code explanation	Commentary
		<p>coarse gold.</p> <ul style="list-style-type: none"> <li>Industry standard standards and duplicates are used by the NATA registered laboratory conducting the analyses.</li> </ul>
<i>Verification of sampling and assaying</i>	<ul style="list-style-type: none"> <li>The verification of significant intersections by either independent or alternative company personnel.</li> <li>The use of twinned holes.</li> <li>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</li> <li>Discuss any adjustment to assay data.</li> </ul>	<ul style="list-style-type: none"> <li>Where duplicate analyses of individual samples were made the analytical results were averaged.</li> <li>Verification of gold nugget locations reported by prospectors has not been completed.</li> <li>No twin holes have been drilled.</li> <li>Primary data is entered into an in-house database and checked by the database manager.</li> <li>No adjustment of assay data other than averaging of repeat and duplicate assays.</li> </ul>
<i>Location of data points</i>	<ul style="list-style-type: none"> <li>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.</li> <li>Specification of the grid system used.</li> <li>Quality and adequacy of topographic control.</li> </ul>	<ul style="list-style-type: none"> <li>RC drill collars were located using a hand-held GPS with an accuracy of +- 4m.</li> <li>Grid system: GDA94</li> <li>Topographic control using regional DEM data.</li> </ul>
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> <li>Data spacing for reporting of Exploration Results.</li> <li>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.</li> <li>Whether sample compositing has been applied.</li> </ul>	<ul style="list-style-type: none"> <li>RC drilling was carried out at 40m spacings on lines 140m apart.</li> <li>Not for ore resource estimation.</li> <li>4m compositing was applied</li> </ul>
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> <li>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Drilling of inclined RC holes 60° to west or orthogonal to the target strike.</li> </ul>
<i>Sample security</i>	<ul style="list-style-type: none"> <li>The measures taken to ensure sample security.</li> </ul>	<ul style="list-style-type: none"> <li>Samples were stored in a locked yard in Leonora prior to dispatch to Perth using a commercial freight company.</li> <li>The gold samples remained in the custody of the prospector.</li> </ul>
<i>Audits or reviews</i>	<ul style="list-style-type: none"> <li>The results of any audits or reviews of sampling techniques and data.</li> </ul>	<ul style="list-style-type: none"> <li>The sampling techniques and results have not been subject to audit.</li> </ul>

## 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"> <li>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.</li> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Hawks Nest is situated on exploration licence E38/3127 and is held by Magnetic Resources NL. The licenses are granted with no known impediments to obtaining a licence to operate.</li> </ul>
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> <li>Acknowledgment and appraisal of exploration by other parties.</li> </ul>	<ul style="list-style-type: none"> <li>Hawks Nest 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.</li> </ul>
<i>Geology</i>	<ul style="list-style-type: none"> <li>Deposit type, geological setting and style of mineralisation.</li> </ul>	<ul style="list-style-type: none"> <li>Hawks Nest is north of the Wallaby deposit and associated NS structure 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.</li> </ul>
<i>Drill hole Information</i>	<ul style="list-style-type: none"> <li>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"> <li>easting and northing of the drill hole collar</li> <li>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</li> <li>dip and azimuth of the hole</li> <li>down hole length and interception depth</li> <li>hole length.</li> </ul> </li> <li>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.</li> </ul>	<p>A total of 19 RC holes (MHNRC31 to MHNRC48 totaling 800m) were drilled at Hawks Nest and the 1 m splits were selected from 4m composites that had greater than 0.2g/t. Table 2 summarises all significant intersections greater than 0.1g/t.</p>
<i>Data aggregation methods</i>	<ul style="list-style-type: none"> <li>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.</li> <li>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</li> </ul>	<ul style="list-style-type: none"> <li>No weighting or cutting of gold values, other than averaging of duplicate and repeat analyses.</li> <li>No metal equivalents have been used.</li> </ul>

Criteria	JORC Code explanation	Commentary
	<p>typical examples of such aggregations should be shown in detail.</p> <ul style="list-style-type: none"> <li>The assumptions used for any reporting of metal equivalent values should be clearly stated.</li> </ul>	
<i>Relationship between mineralisation widths and intercept lengths</i>	<ul style="list-style-type: none"> <li>These relationships are particularly important in the reporting of Exploration Results.</li> <li>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</li> <li>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').</li> </ul>	<ul style="list-style-type: none"> <li>Not applicable.</li> </ul>
<i>Diagrams</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Refer to text.</li> </ul>
<i>Balanced reporting</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Anomalous ranges used are stated in the text.</li> </ul>
<i>Other substantive exploration data</i>	<ul style="list-style-type: none"> <li>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.</li> </ul>	<ul style="list-style-type: none"> <li>Results of a previously reported soil sampling, RAB and RC drilling by Magnetic Resources are shown on Fig 3.</li> </ul>
<i>Further work</i>	<ul style="list-style-type: none"> <li>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</li> <li>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</li> </ul>	<ul style="list-style-type: none"> <li>More detailed soil geochemistry is planned on a 25mx20m grid over the prospective WNW workings and NNW shear zone.</li> <li>More drilling is planned over a 100m strike length on the NW structural target shown on Figure 1.</li> </ul>