



magnetic resources^{NL}

QUARTERLY REPORT for the Quarter Ended 31 March 2018

Magnetic Resources NL
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MAUCA

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PO Box 1388
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Issued Capital:
Shares - Quoted:

152,036,703 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: \$0.43m

Directors:

George Sakalidis
Managing Director

Eric Lim
Non-Executive Chairman

Julien Sanderson
Non-Executive Director

Company Secretary
Ben Donovan

HIGHLIGHTS

- RC drilling at Hawks Nest 5 has outlined a new target zone with a shallow intersection of 7m @ 4.5g/t Au from 5m in hole MHNRC48 beneath a peak soil anomaly of 369ppb, which trends in a WNW direction and overlays a more extensive WNW ground magnetic structure
- Follow up detailed soil geochemistry has outlined new potential extensions with surface samples of 751ppb, 317ppb, 1116ppb, 3656ppb, 1873ppb. All these geochemical targets are associated with three more extensive WNW ground magnetic structures. 199 further soil samples have been taken over this structure and results are pending.
- A new target with a prominent WNW structure near the Wheel of Fortune area has been covered with 237 detailed soil samples and results are awaited. This WNW structure is mineralised as it also passes through the HN3 Target area, which has 18 Au hits above 1g/t and is 1 to 4m thick.
- At HN5 15 RAB holes for 232m were drilled within the 369ppb Au geochemical anomaly containing the intersection of 7m @ 4.5g/t from 5m targets, to help map the shallow gold intersection. Results are expected shortly. 15 RC drill holes are also planned to follow up the promising gold intersection and numerous anomalous soil anomalies.
- At Mertondale and Christmas Well a large RAB programme of 156 holes for 7800m will begin shortly and is designed to test the 10.4km of shallow multi element anomalies defined by shallow below hardpan sampling. At Mertondale further dozing and detecting has started up following up the 70oz that were found in the nugget patch area.
- At Birthday Patch 123 km east of Wiluna a shallow 28-hole 581m RAB programme has been completed and was designed to test a virgin discovery of high-grade gold in quartz, which correlates with a major shear zone.

Gold Projects Summaries

The March 2018 quarter was a busy period for Magnetic Resources. At the Hawks Nest project 735 soil samples were taken and a total of 15 RAB holes for 813m were drilled. At Birthday Patch 28 holes for 581m were completed. Results are pending for all the RAB holes on both Projects and 199 in-fill holes at HN5 and 237 holes at Wheel of Fortune. Details are shown in Tables 1 and 2.

Table 1. Surface Geochemical Sampling March Quarter 2018

Tenement	Project	Sample Type	Number of samples
E38/3127	Hawks Nest - HN5	Soil-80#	299
E38/3127	Hawks Nest - HN5 in-fill	Soil-80#	199
E38/3127	Hawks Nest – WoF	Soil-80#	237
		Total	735

Table 2. All Drilling Summary since grant

Project	Tenement	Drillhole Type	This Quarter		Total	
			No. Holes	Metres	No. Holes	Metres
Mertondale	E37/1258	RAB			834	3242
Mertondale	E37/1258	RC			26	1452
Mt Jumbo	E38/3100	DDH			2	456
Mt Jumbo	E38/3100	RC			2	334
Hawks Nest	E38/3127	AC			2	66
Hawks Nest	E38/3127	RAB	15	232	165	1813
Hawks Nest	E38/3127	RC			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			78	280
Christmas Well	P37/8694	RAB			120	475
Birthday Patch	P53/1627	RAB	8	166	8	166
Birthday Patch	P53/1628	RAB	20	415	20	415
Total			43	813	1339	12115

Hawks Nest E38/3127

In the March 2018 quarter Magnetic has completed a programme of RAB drilling (15 holes for 232m) targeting the WNW trending 369 ppb soil anomaly that was above the intersection of 7m @ 4.5g/tat Hawks Nest 5 (HN5) within the Hawks Nest exploration licence (E38/3127) approximately 15km SW of Laverton. Soil sampling (735 samples) was undertaken at HN5 and Wheel of Fortune.(Fig. 1 & Tables 1–2).The majority of the soil samples (436) are currently being analysed and assay are awaited.

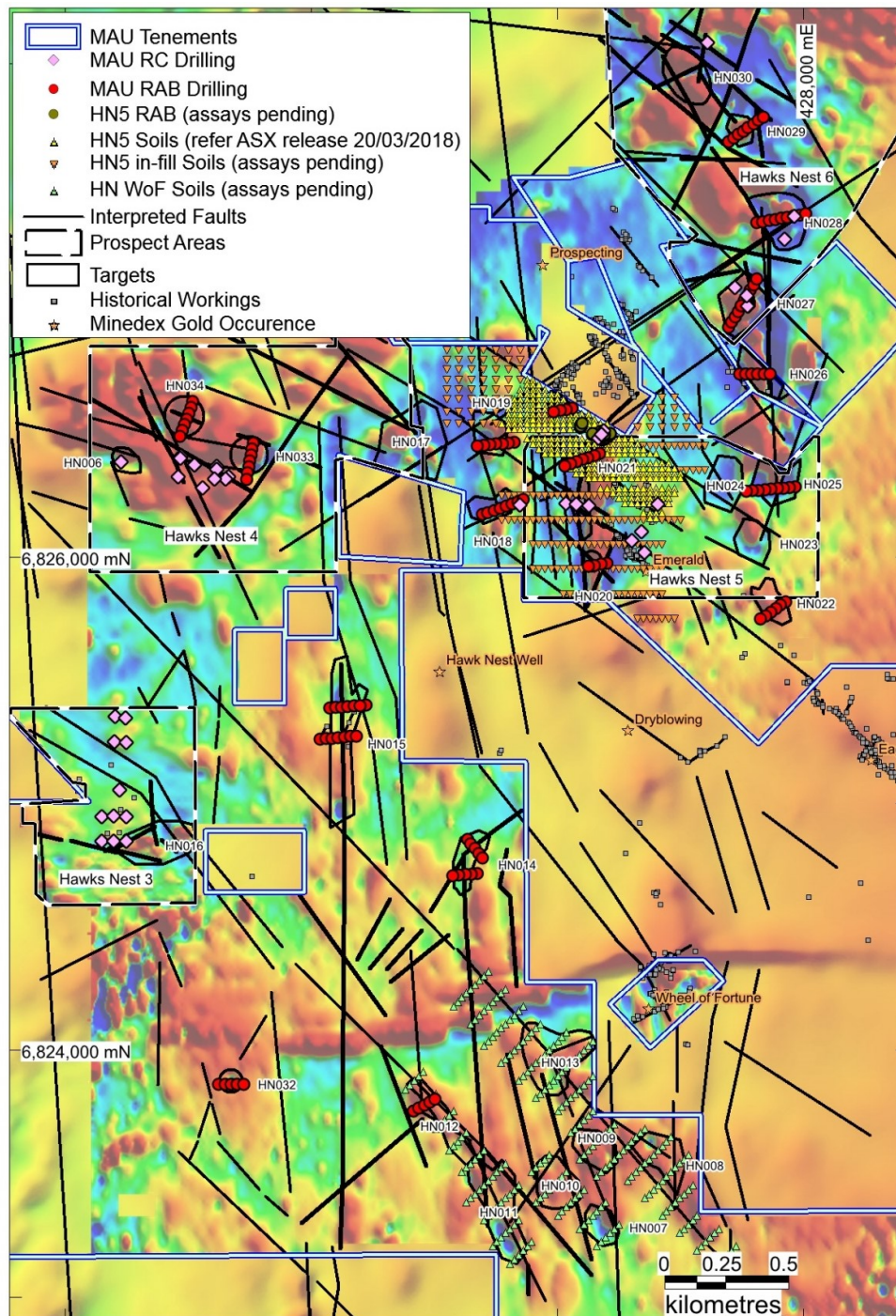


Figure 1. Hawks Nest ground magnetic interpretations showing major NW faults and Targets HN3-HN6 showing drill and soil programmes completed and with assays awaited for some areas.

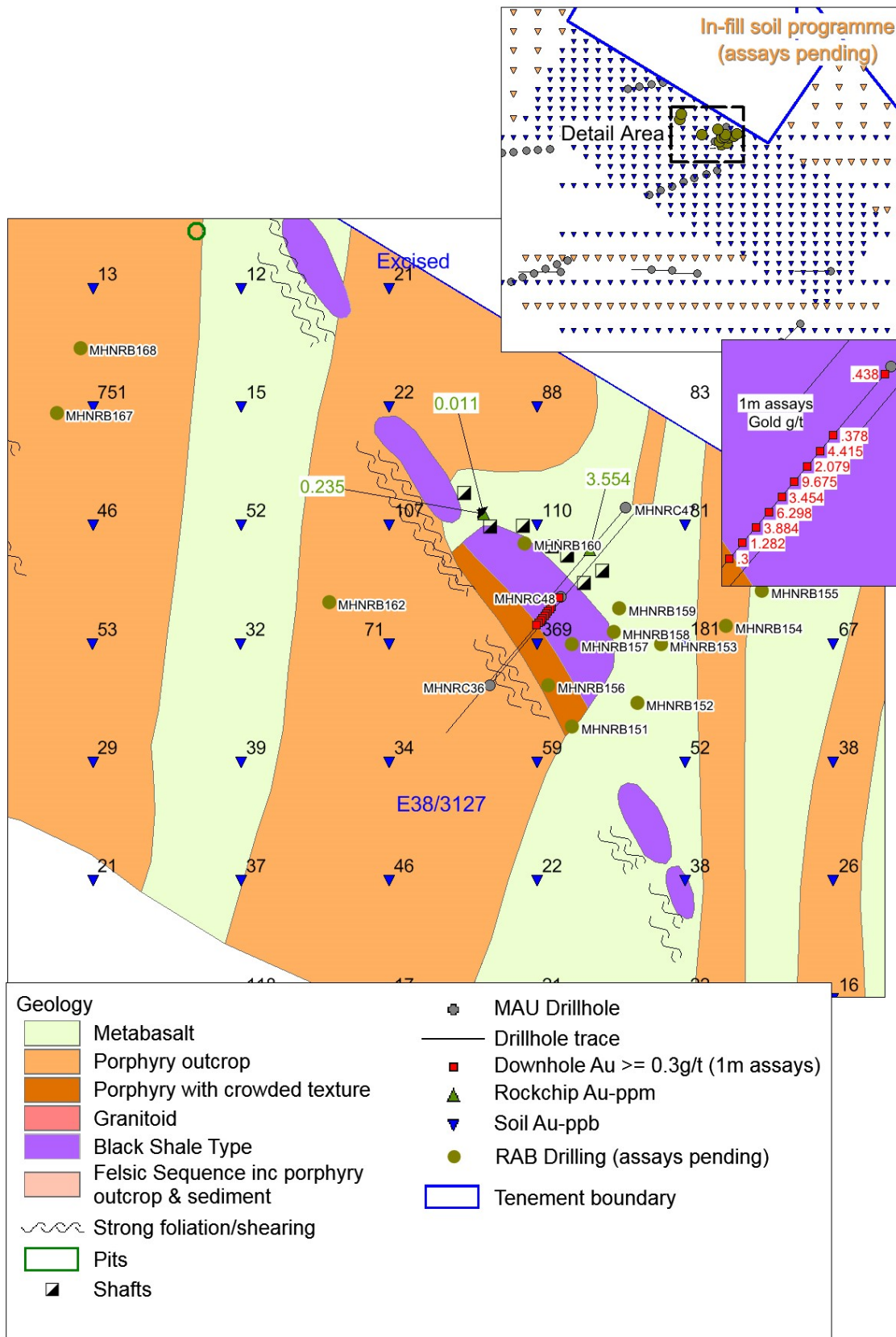


Figure 2. E38/3127 HN5Geology, RAB and RC drilling and soil sampling.

Table 3. E38/3127 Hawks Nest 5 RAB Drilling March 2018

Hole_ID	MGA_E	MGA_N	Depth	Dip	Azimuth	Drill type	Tenement	Project
MHNRB151	427181	6826486	25	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB152	427192	6826490	25	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB153	427196	6826500	25	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB154	427207	6826503	25	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB155	427213	6826509	25	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB156	427177	6826493	25	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB157	427181	6826500	12	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB158	427188	6826502	12	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB159	427189	6826506	7	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB160	427173	6826517	9	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB161	427188	6828536	9	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB162	427140	6826507	12	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB167	427094	6826539	12	-60	45	RAB	E38/3127	Hawks Nest 5
MHNRB168	427098	6826550	9	-60	45	RAB	E38/3127	Hawks Nest 5

The HN5 area includes 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 mafic unit, which is 750m in length. Two 500m-long gold and multi-element soil geochemical anomalies are associated with a 300m zone of quartz veins in porphyry and with the Emerald workings. The western geochemical anomaly is a significant 500m x 80m wide in size and ranges from 56ppb to 227ppb Au.

In late 2017 a programme of 4 shallow RC holes for 230m (MHNRC35, 36, 47, 48; Figure 2) was completed to test historical workings with an anomalous rock sample of 3.55g/t Au, plus a soil anomaly of 1873ppb Au and 216ppb Au (MGA 427348mE, 6826118mN) 500m north of the Emerald workings. Assay results were received in the March 2018 quarter. In drill hole MHNRC48, 4m composite sampling intersected **8m @ 4.2g/t gold from 4m** with a peak tellurium assay of 35ppm from 8 to 12m (MAU ASX Release 29 January 2018), suggesting a possible gold–telluride association similar to some of the Kalgoorlie deposits. Also, of note in drill hole MHNRC48 is the elevated gold and multi-elements, including tellurium values, in the porphyry from 32m to the end of the hole at 60m (Table 4), where there is ubiquitous silica alteration from visual logging.

The historical diggings are associated with a shear zone that contains a black shale and quartz veining adjacent to a NNW-trending porphyry (Figure 2). The porphyry with crowded texture is part of the shearing noted by the mapping. Fire assays of the 1m splits from the RC hole MHNRC48 HN5 show an intersection of **7m @ 4.5g/t Au from 5m or 6m @ 5.0g/t from 5m**. Results are shown in Table 5 and Figure 3. The assays have outlined significant very shallow gold mineralised zone at HN5 500m north of the Emerald historic workings (MAU ASX Release 5 March 2018).

Table 4. Hawks Nest RC drilling drillhole assays $\geq 0.1\text{g/t Au}$

Hole ID	Depth	Azi	Dip	East	North	Prospect	Intersection		Assays (4m composites)		
							From	To	Au ppm	Cu ppm	Te ppm
MHNRC31	66	270	-50	427963	6827393	HN6	0	66	Nsr		
MHNRC32	70	270	-50	427925	6827300	HN6			Nsr		
MHNRC33	24	270	-50	427777	6827030	HN6			Nsr		
MHNRC33A	60	270	-50	427775	6827030	HN6			Nsr		
MHNRC34	50	270	-50	427723	6827104	HN6			Nsr		
MHNRC46	70	270	-50	427770	6827071	HN6			Nsr		
MHNRC35	78	225	-50	427344	6826115	HN5	32	36	0.146	121	0.05
MHNRC36	60	40	-50	427167	6826493	HN5			Nsr		
MHNRC47	32	220	-50	427190	6826523	HN5			Nsr		
MHNRC48	60	220	-60	427179	6826508	HN5	4	8	4.7	140	6.8
							8	12	3.7	274	35.7
							32	60	0.02-0.08	nsr	0.15-0.35
MHNRC37	20	30	-60	425665	6826337	HN4			Nsr		
MHNRC38	45	30	-60	425653	6826327	HN4	8	12	0.486	721	2.9
MHNRC39	15	30	-60	425619	6826379	HN4			nsr		
MHNRC40	30	30	-60	425618	6826366	HN4			nsr		
MHNRC41	20	30	-60	425609	6826328	HN4	8	12	0.782	239	2.97
MHNRC42	15	30	-60	425530	6826387	HN4	4	8	0.203	285	1.15
MHNRC43	40	30	-60	425526	6826383	HN4			nsr		
MHNRC44	15	30	-60	425472	6826421	HN4			nsr		
MHNRC45	30	30	-60	425471	6826412	HN4	12	16	0.199	534	0.67
Total	800								nsr= no significant result		

Table 5. HN5 RC drilling Significant Intercepts $\geq 0.1\text{g/t Gold}$, $> 1\text{g/t}$ highlighted in red

Hole ID	East	North	From	To	Width	Au g/t
MHNRC35	427344	6826115	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	4.825
MHNRC41	425609	6826328	8	12	4	0.788
MHNRC41			9	10	1	1.417
MHNRC41			10	11	1	0.187
MHNRC45	425471	6826412	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
			0	1	1	0.438
			1	2	1	0.128
			2	3	1	0.095
			3	4	1	0.138
			4	8	4	4.713
			4	5	1	0.378
			5	6	1	4.415
			6	7	1	2.079
			7	8	1	9.675
			8	12	4	3.728
			8	9	1	3.454
			9	10	1	6.298
			10	11	1	3.884
			11	12	1	1.282
			12	16	4	0.097
			12	13	1	0.300
			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. After the results of a 15-hole RAB programme, 15 RC drill holes for 540m depth are planned NNW and SSE of the shallow intersection in MHNRC48 to depths of approximately 60m and to test the Emerald workings and other anomalous soil samples over 200ppb.

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 & 2) and is now regarded as a marker for potential new mineralisation. 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.

HN5 soil sampling

Infill soil sampling at the HN5 target area at Hawks Nest (E38/3127) near Laverton identified a gold anomaly with values up to **751ppb (or 0.75g/t) some 200m NW from drillhole MHNRC48** (MAU ASX release 20 March 2018), which intersected **7m @ 4.5g/t from 5m** (MAU ASX release 29 January 2018). Results are shown in Figure 3 and Table 6. Any soil geochemical values around 200ppb or greater are considered significant in outlining shallow high-grade mineralization in this local area just as drillhole MHNRC48 was targeted on a 369ppb gold-in-soil anomaly adjacent to shallow gold diggings, which also shows evidence of shearing in a black shale.

Interpretation of detailed ground magnetic data shows the NNW gold-anomalous zone to coincide with an interpreted NW-trending shear zone as shown in Figure 3. The plan is to follow up this shear extension in a NW direction with new soil samples on a 50m x 40m grid. There is also some evidence that the anomalous zone extends to the SE of the intersected mineralization.

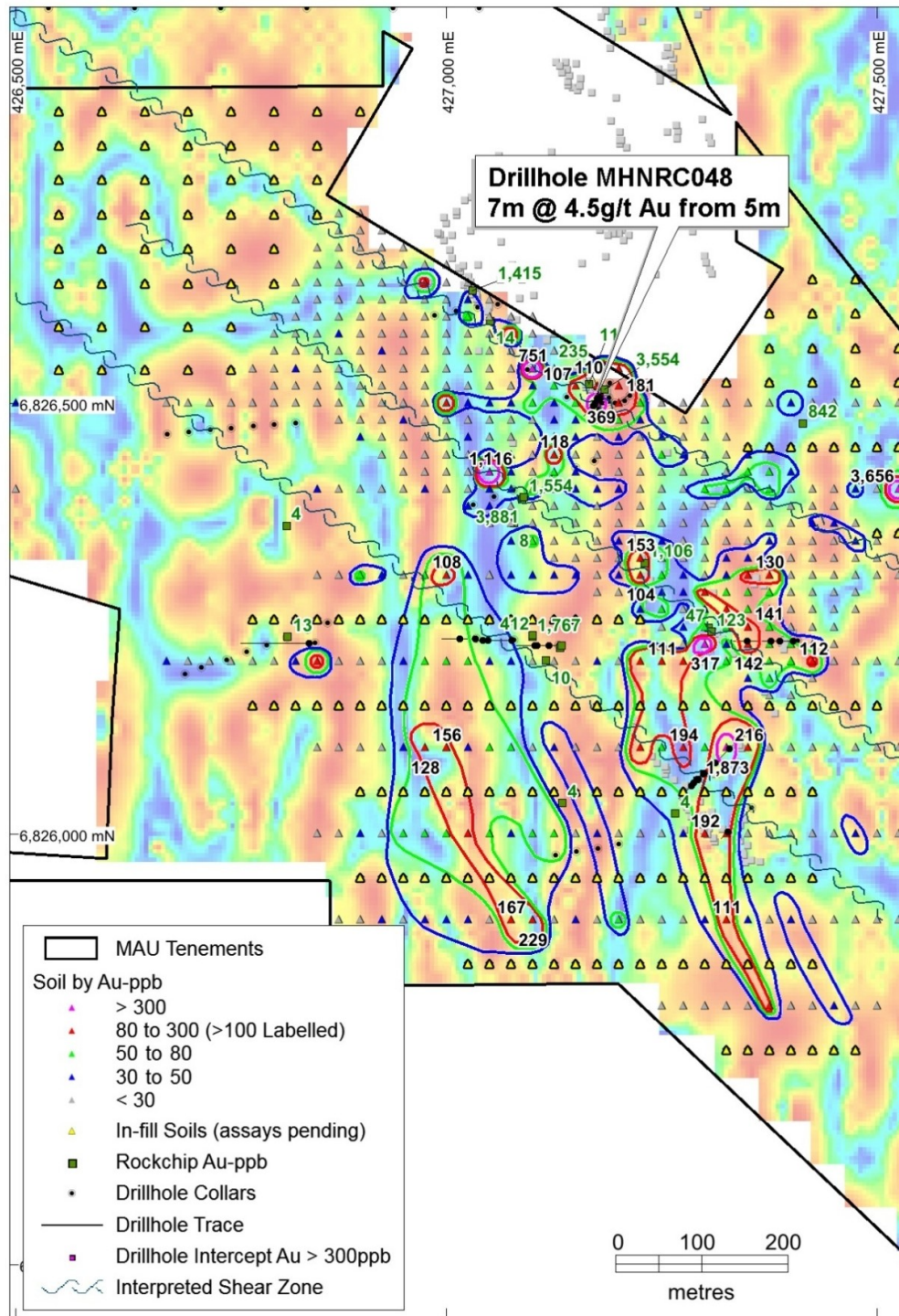


Figure 3. HN5 Area, Gold-in-Soil Geochemistry and Ground Magnetics and NW Shears

Infill soil sampling (25m x 20m centres) also confirmed a gold-anomalous zone some **300m SE of MHNRC48**, with values up to **317ppb Au**, which appears to lie on a second, parallel NW fault or shear zone. A **1,116ppb Au** soil value may lie on the NW extension of this structure.

Another parallel fault or shear zone is interpreted to the south, passing through the historic Emerald gold diggings. Further infill soil sampling on a 50mx40m grid is planned here to detail the anomalous geochemistry here prior to any further drilling.

NNW trending fault or shear zones are known to be associated with gold mineralization at Magnetic's nearby Mt Jumbo East prospects. The coincidence of interpreted NNW trending structures and gold diggings with NW-trending gold geochemical anomalies where the MHNRC48 drill intersection is located is considered very prospective.

The further SE strike extension of all three structures at HN5 extend into an area of thicker, possibly transported soil cover where soil sampling and surface prospecting may not be as effective. This will be further assessed using ground magnetic interpretation looking for structural and less enhanced soil geochemistry coincidence.

These new geochemical results certainly point to exciting target areas worthy of shallow drilling especially when values are around 200ppb or greater near our intersection of 7m @ 4.5g/t from 5m in RC hole MHNRC48. At least 20 significant values have been found from soil sampling and rock chip sampling (Table 7), which augers well for our follow up drilling work.

Table 6. HN5 Area, Gold-in-Soil >= 100ppb

Hole ID	East	North	Au g/t
HN5043	427200	6826500	181
HN5044	427175	6826500	369
HN5067	427375	6826300	130
HN5073	427225	6826300	104
HN5083	427000	6826300	108
HN5094	427250	6826200	111
HN5102	427425	6826200	112
HN5106	427350	6826100	216
HN5107	427325	6826100	1873
HN5109	427275	6826100	194
HN5120	427000	6826100	181
HN5121	427000	6826100	156
HN5133	427300	6826000	192
HN5145	427325	6825900	111
HN5154	427100	6825900	229
HN5155	427075	6825900	167
HN5186	426975	6826100	128
HN6291	427525	6826400	3656
HN5312	427100	6826540	751
HN5331	427150	6826520	107
HN5332	427175	6826520	110
HN5379	427125	6826440	118
HN5393	427050	6826420	1116
HN5466	427225	6826320	153
HN5506	427350	6826240	141
HN5512	427300	6826220	317
HN5514	427350	6826220	142

Table 6. HN5 Area, Rock chip Gold >= 100ppb

Hole ID	East	North	Au g/t
HNR05	427308	6826235	123

HNR08	427100	6826229	1767
HNR10	427166	6826522	235
HNR31	427100	6826231	412
HNR48	427088	6826389	3881
HNR50	427030	6826631	1415
HNR51	427230	6826315	1106
HNR52	427184	6826516	3554
HNR95	427090	6826391	1554
HNR96	427414	6826477	842

Hawks Nest 4

Other significant intersections from the previous RC drilling and 4m composite sampling include:

- MHNRC42 4m @ 0.203g/tAu from 4m – 8m at HN4
- MHNRC41 4m @ 0.782g/tAu from 8m – 12m at HN4
- MHNRC38 4m @ 0.486g/tAu from 8m – 12m at HN4.

An intersection of 1m @ 4.8g/t Au from 7m in HNRC38 atHN4 which is south of the high-grade workings will also be reviewed

Mt Jumbo East Tenements

Mt Jumbo East, which starts only 5km north of the operating 7MozWallaby Deposit, comprises 11.5km² of tenements(P38/4317–4324) with at least 3 prospects.

After extensive data compilations by Magnetic Resources of historical data completed by WMC in1990–91, mainly involving an extensive WMC Lag programme (6577 samples) and an extensive Rock Chip programme (244 samples), five highly prospective high-grade targets will be tested with a 6-hole RC programme as shown in Figure 4,5 and 6(MAU ASX Release 26 February 2018).The historical references include WAMEX Reports A34380 and A32013.

In addition, there are also at least 3 prospects within the Mt Jumbo East tenements including the Saddle, Horseshoe Pass and No Name Prospect with significant shallow historical drill intersections at the NoName prospect including 6m @ 5.8g/t Au from 10m in drillhole MJC09, including 3m @ 10.9g/t Au from13m. These prospects were previously reported in MAU ASX Release 17 November 2016.

Figures 4, 5 and 6 and Table 7 show the holes planned relative to highly anomalous rock chip, lag samples and prospective BIFs. Two holes planned on Figure 4 are respectively testing a 6.5g/t Au lag sample and the second southern hole is testing 7.2g/t Au and 1.0g/t Au rock chip samples and a 0.8g/t Au lag sample. In both cases these values are closely associated with an east-dipping BIF, which is often complexly folded.

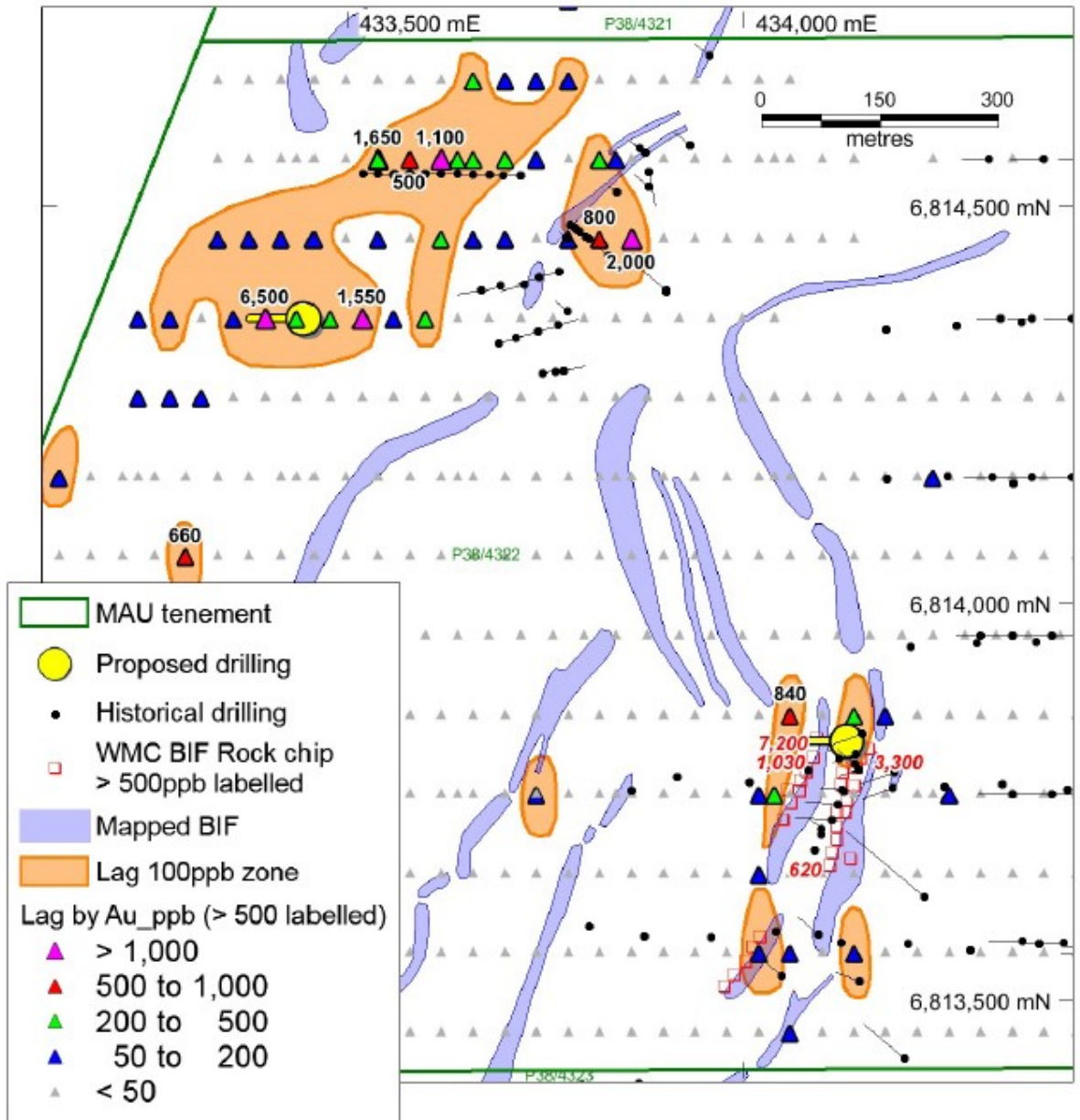


Figure 4. Two planned RC holes testing highly anomalous lag and rock chip samples

Three holes on Figure 5 are testing highly anomalous lag and rock chip samples. The northernmost hole is testing an 8g/t Au lag sample. Two holes to the south are respectively testing a 0.7g/t Au lag, and 1.9g/t Au and 2.3g/t Au rock chips, and a 1.7g/t Au lag and a 2.3g/t Au rock chip.

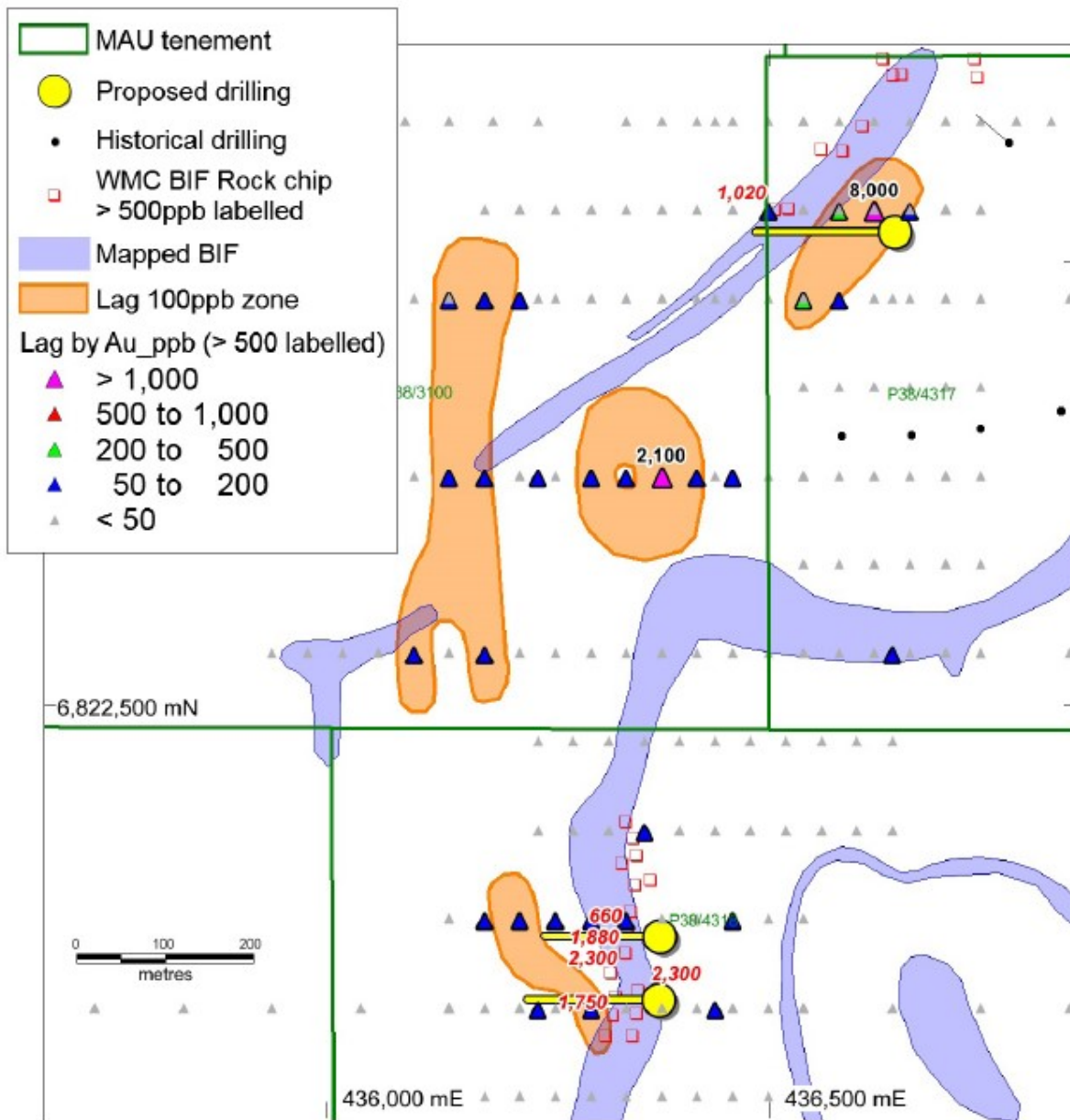


Figure 5. Three RC holes are testing highly anomalous lag samples and rock chips associated with a complex folded BIF

One hole on Figure 6 is testing a 3.6g/t Au and 0.9g/t Au rock chip samples at an intersection with a NW-trending lag trend up to 0.7g/t Au, which intersects a BIF. Also, at Mt Jumbo East a number of intrusive style targets associated with the BIFs are shown up by detailed ground magnetics and will also be lag sampled.

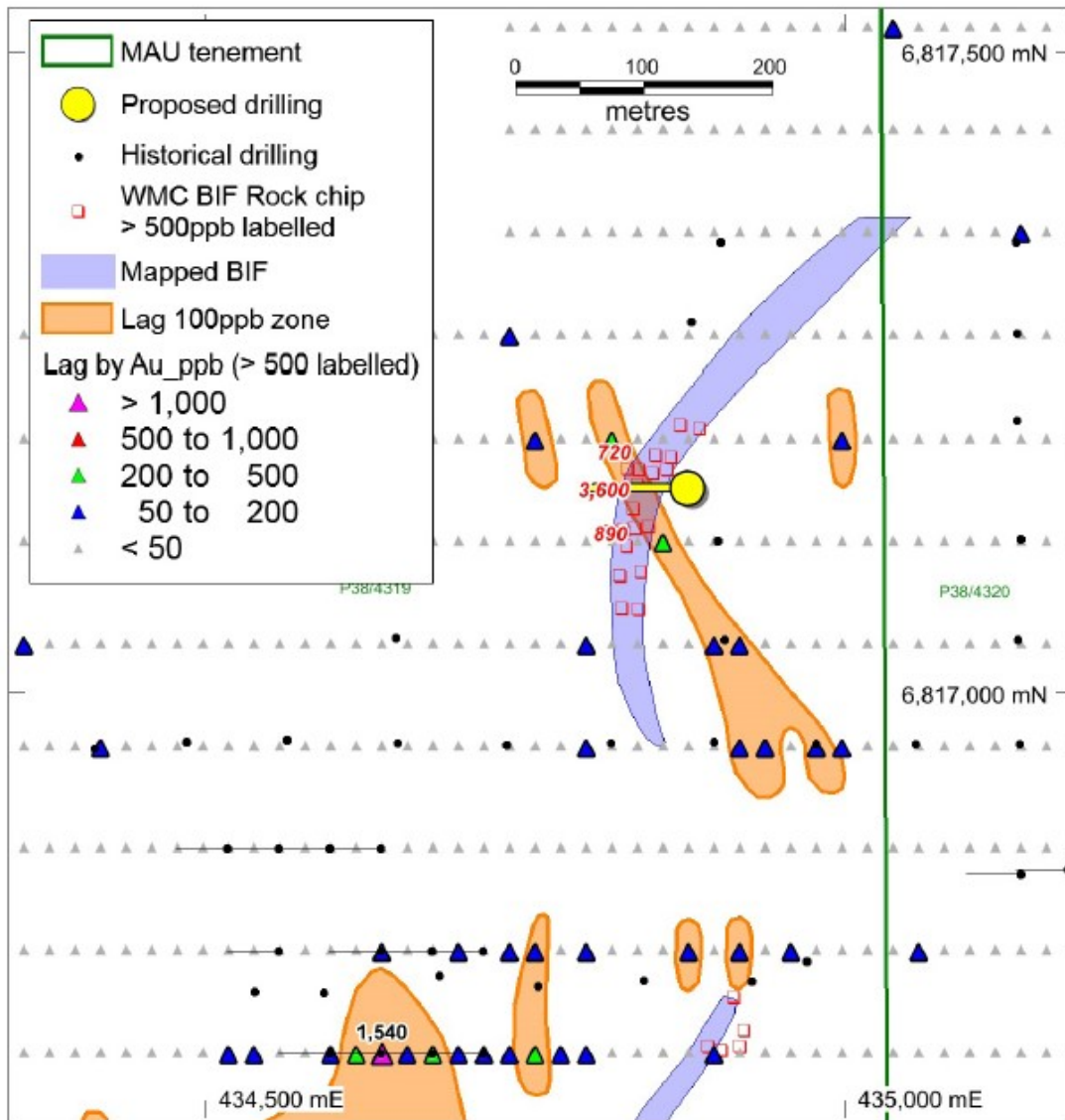


Figure 6. One RC hole testing and anomalous 3.6g/t rock sample and a 0.7g/t lag trend

Table 7 Mt Jumbo East Planned RC Drilling 2018

Target	MGA_E	MGA_N	Depth	Dip	Azimuth
6.5g/t Au Lag	433447	6814358	100	-60	270
7.2g/t Au Rock Chip	434130	6813825	80	-60	270
8g/t Au Rock Chip	436642	6823034	80	-60	315
1.8g/t Au Rock Chip	436377	6822240	80	-60	270
1.75 & 2.3g/t Au Rock Chip	436376	6822168	80	-60	270
3.6g/t Au Rock Chip	434877	6817160	80	-60	270

Mertondale E37/1258

Magnetic Resources has 180km² of tenements in the Mertondale region (Figure 7), which has numerous dilution targets at changes in orientation of the Mertondale shear and parallel shears.

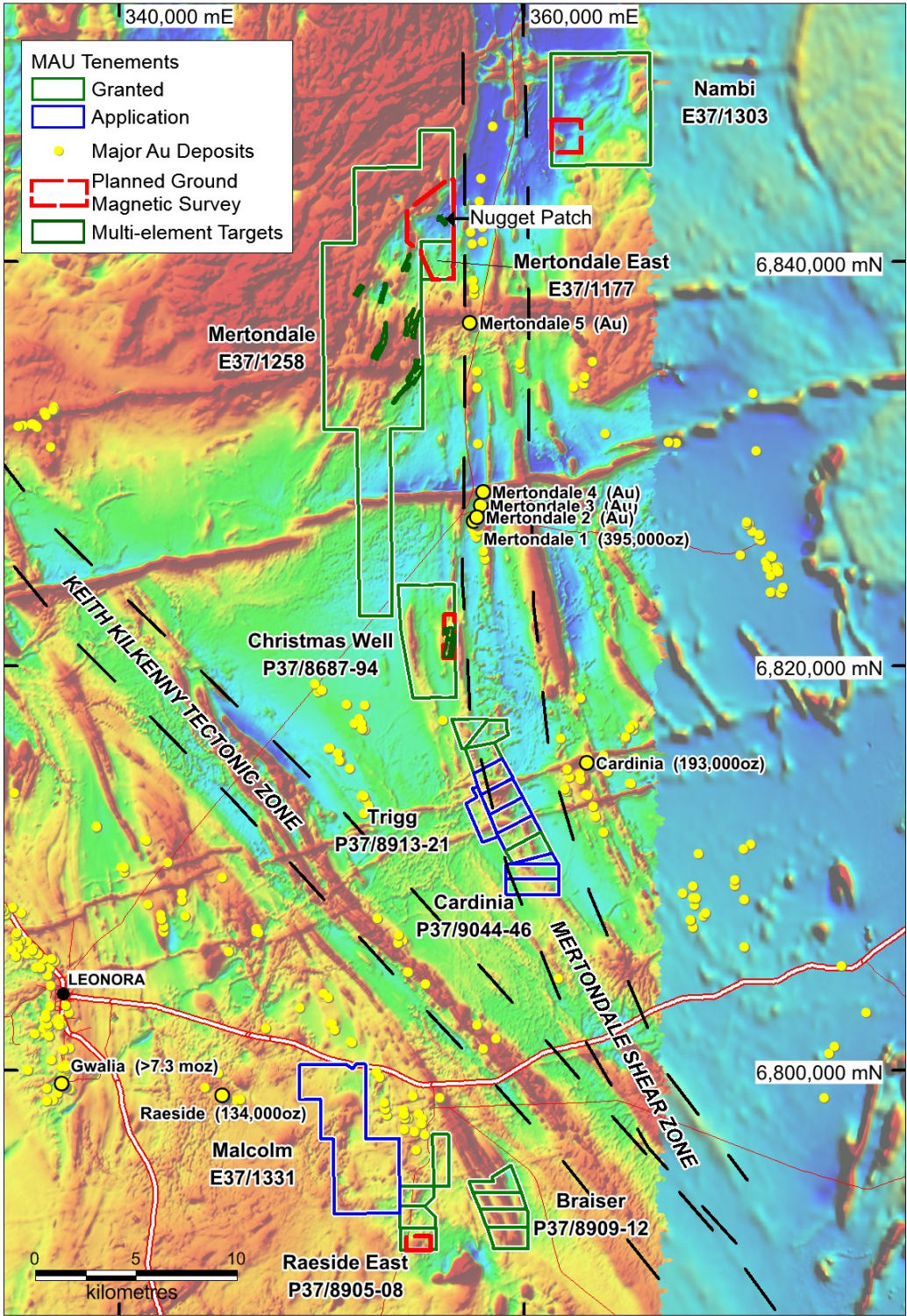


Figure 7. Mertondale, Mertondale East, Christmas Well, Trigg, Raeside, Raeside East, Braiser and Nambi Projects. Showing major shear zones, targets and Gold Deposits and historic workings

Around 8.4km of multi element geochemical targets (Figure 8) have been delineated after below hardpan shallow RAB drilling comprising 834 holes totaling 3242m has been completed to date, 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.

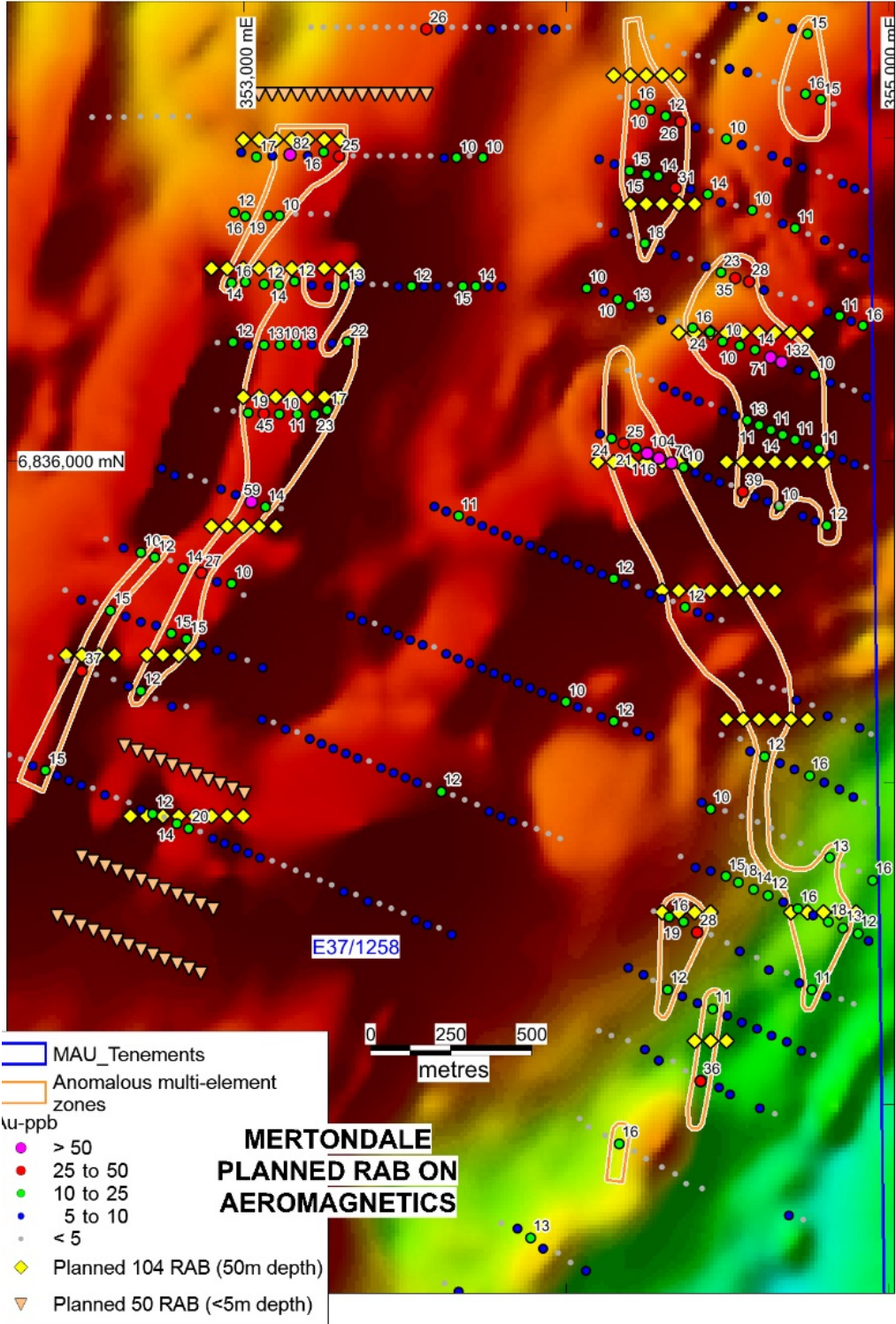


Figure 8. Multi element geochemical anomalies and completed shallow RAB drillholes and planned deeper RAB drillholes.

Mertondale Large Gold Nuggets

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 9–11. These nuggets are very large with the latest nugget estimated to contain over **20oz** (356218mE, 6842145mN) and being 10cm long by 5cm in size; MAU ASX Release 2 November 2017).

These nuggets are reported to occur at shallow depths of 0-2m within a lateritic profile and have been located using hand held metal detectors.

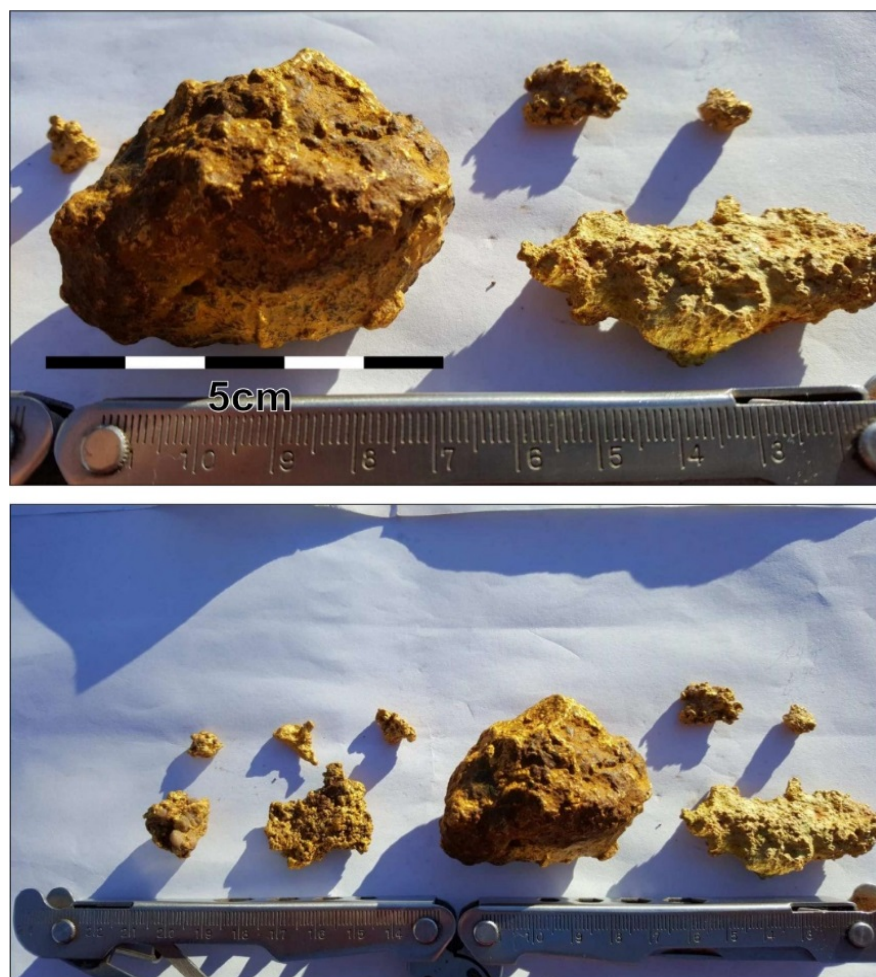


Figure 9. Mertondale gold nuggets, including one 11oz nugget



Figure 10. Mertondale fine gold from panning from the original gold patch



Figure 11. Large 21oz (670g) gold nugget recovered from Mertondale.

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 12).

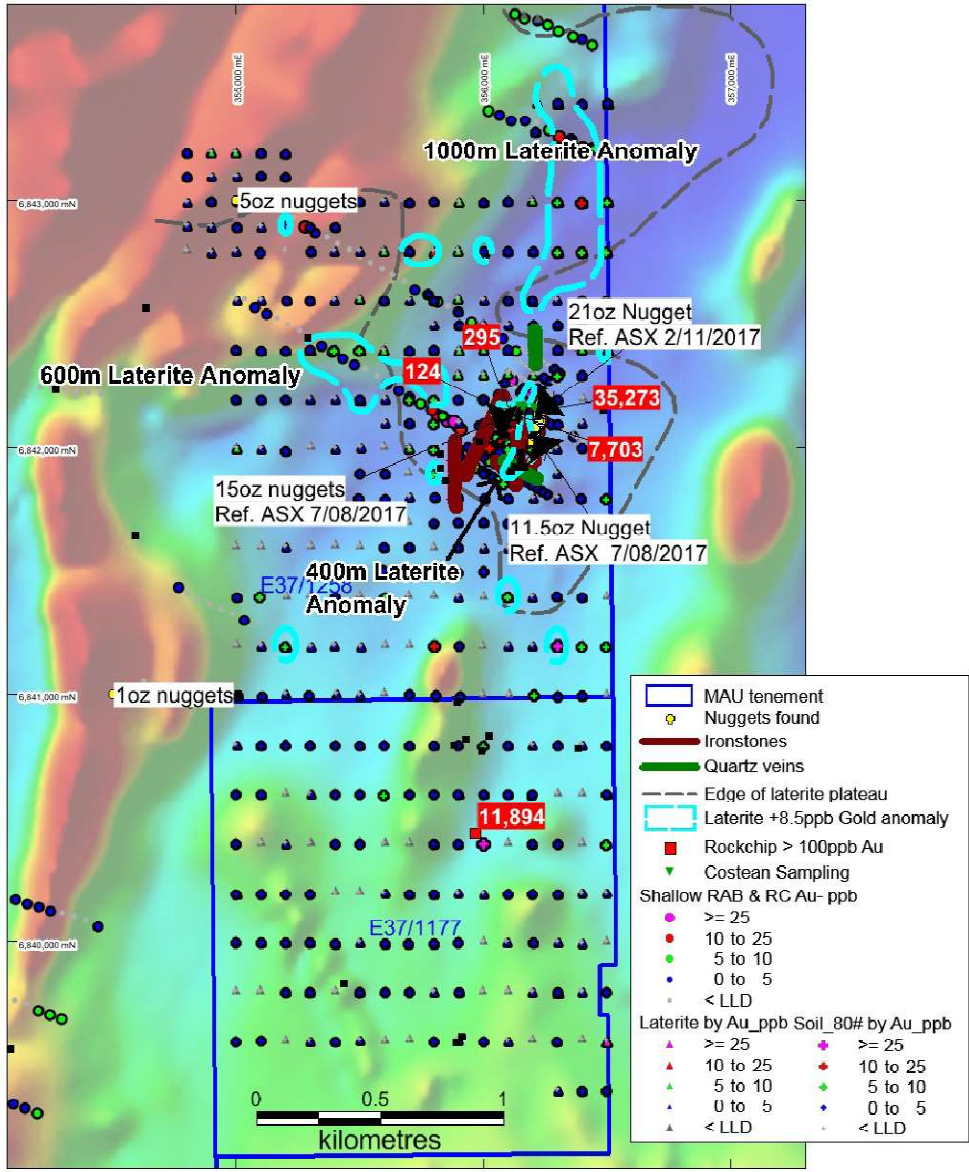


Figure 12. Mertondale Laterite gold anomalies, gold nugget trench samples and RC drilling

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. Matt Taylor has restarted his dozing and detecting once more, and field work is ongoing.

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 12). This large laterite anomaly has been recently 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 12).

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 13 and 14).

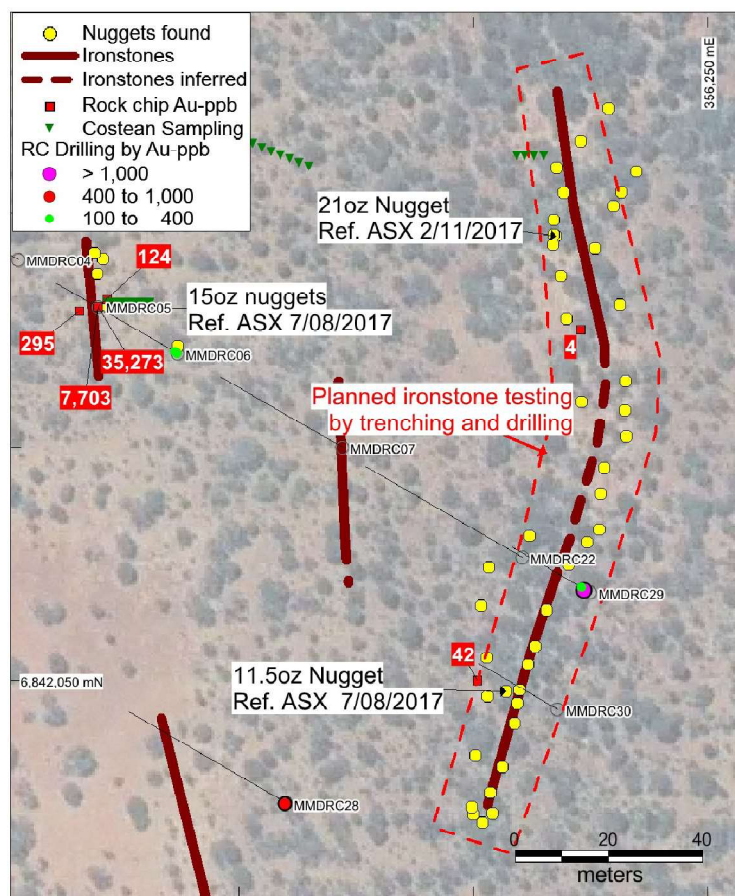


Figure 13. Gold nugget and ironstone summary of the nugget patch area, with a total of about 70oz goldnuggets found to date within the nugget patch area

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.

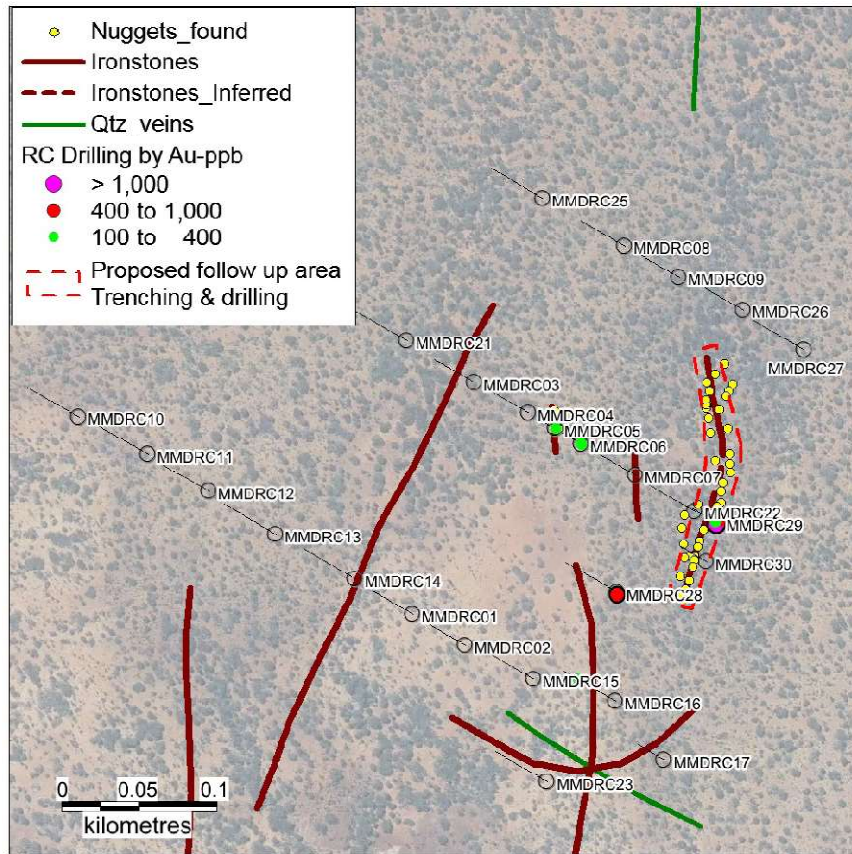


Figure 14. RC drilling, Ironstones and gold nugget occurrences

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).

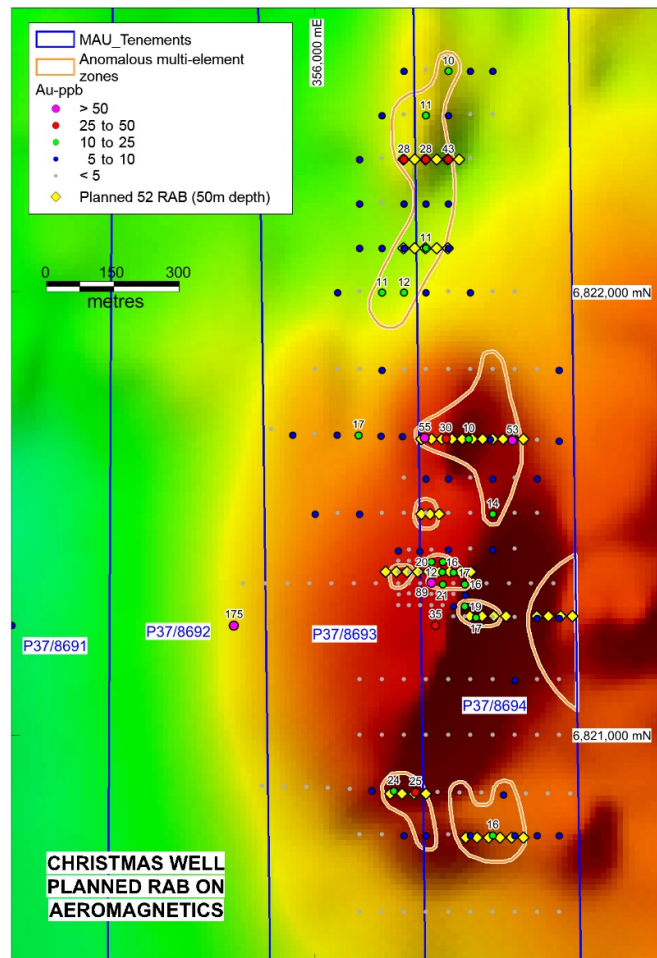


Figure 15. Christmas Well Shallow RAB Results, Aeromagnetics Image

A significant 2000m-long N–S zone with a number of well-defined gold multi element targets 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).

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 52 deeper RAB holes totalling 2600m 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) 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.

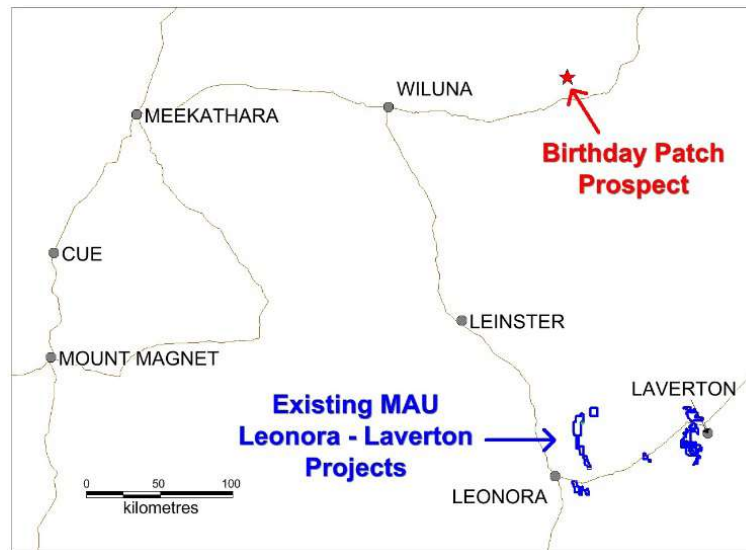


Figure 16. Birthday Patch Prospect Location

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. 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.

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 17). 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 18). A pronounced bend on the northern end of this structure evident on aeromagnetics will become an early exploration target upon grant of the tenement.

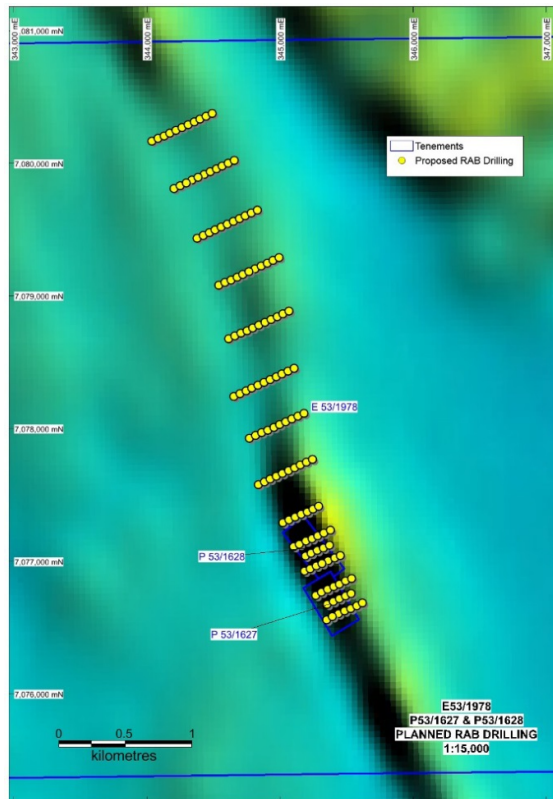


Figure 17. E53/1978 Extended Proposed RAB Drilling Aeromagnetic Dilational Structural Target.

on

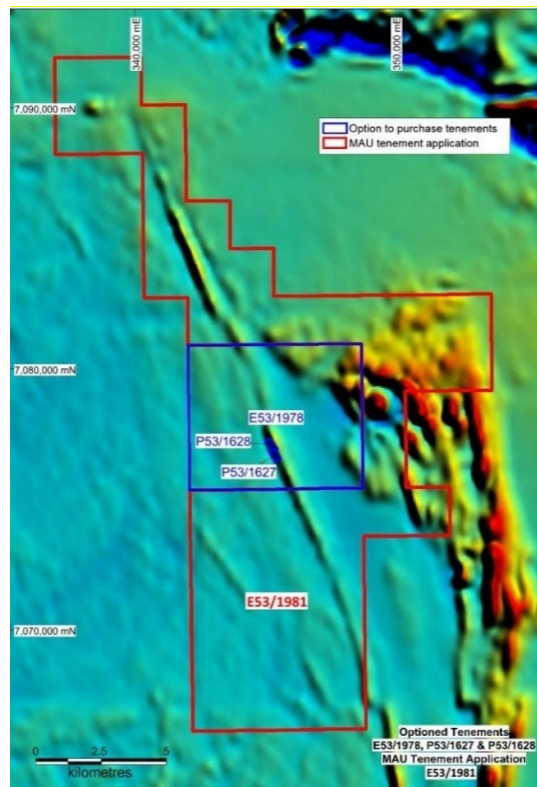


Figure 18. Magnetic's Exploration Licence Application and Optioned Tenements on an Aeromagnetics Image.

A 26-hole shallow RAB programme is planned has been completed 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 carry out an initial programme of shallow RAB drilling to test for a bedrock source below and adjacent to the nugget zone and also 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.

Corporate

On 13 March 2018, the Company announced its half yearly report and accounts.

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

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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.

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	-	Royalty Retained
WA	E70/4243	Granted	RAGGED ROCK	-	Royalty Retained
WA	E70/4508	Granted	KAURING	-	Royalty Retained
WA	E70/4528	Granted	KAURING	-	Royalty Retained
WA	E70/4692	Granted	MT JOY	-	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	Granted	HAWKS NEST EAST	100%	100%
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	-	100%
WA	E53/1981	Application	YELMA	-	100% Pending Grant

Mining Tenements acquired during the Quarter

WA	E53/1981	Application	YELMA	-	100% Pending Grant
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Mining Tenements disposed during the Quarter

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