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Multiple mineralised zones of flat dipping mineralisation at HN3 similar to the structures of the large producing mines at Laverton.

Hawks Nest HN3, Laverton

Previous 3D modelling of historical results indicates a shallow (20 to 30m depth) N to NW-trending 150m-wide mineralized shear zone dipping shallowly (10°-20°) to the west over a 150m strike length. Historical drilling to the north and south appears to have been far too shallow to intersect this interpreted mineralized position (ASX release 26 July 2017).

There are 59 intercepts with more than 0.5g/t Au and 22 intercepts with more than 1g/t Au, generally being 1 to 4m thick with the highest value of 1m @ 13g/t Au from 22m in hole HNRC007. A 10-hole RC drilling programme intersected 4m at 1.9g/t from 32m in hole MHNAC01 and 4m at 1.8g/t from 44m in hole MHNRC 24 (Refer to Table 1).

Recent interpretation shows that there is potential for multiple mineralised flat west dipping horizons with at least two of these zones shown in Fig.1. The mineralised zones are often related to secondary ironstones interpreted to be weathered shear-hosted mineralisation. There appear to be two coherent mineralised horizons which are open down dip. As we know, stacked flat mineralised structures provide excellent large-scale drilling targets in the Laverton area. The big mines at Laverton, including Wallaby (7moz), Sunrise Dam(10moz) and Jupiter (1.3moz) all exhibit flat mineralised stacked structures.

All previous drillholes in the down-dip position are too shallow to intersect the interpreted mineralised structures. The current planned drilling is for 6 holes totaling 560m.
The down-dip extension is open for a distance of 1.7km to Magnetic's western boundary and open to the south, providing plenty of scope for further drilling.

Magnetic Resources Managing Director commented, "both HN3 and HN5 are showing promise with all these multiple shallow mineralised shear zones at HN3 and shallow flat dipping mineralised zones often associated with black shale at HN5. Our future RC drilling programmes will be directed at enlarging the footprint of the mineralised zones looking at potential resources definition. Also, our RAB drilling programmes at Mertondale and Christmas Well testing 10.4km of multielement targets is due to start shortly on the 19/07/2018."

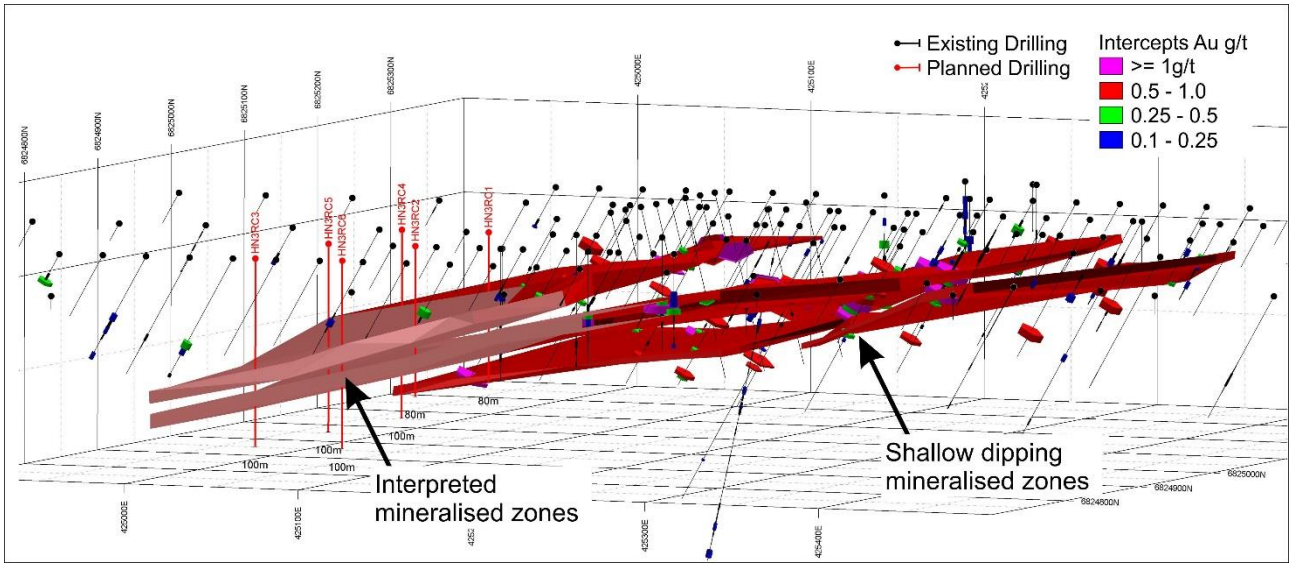

Figure 1. Hawks Nest E38/3127 HN3 Perspective plot of drilling showing shallow west dipping multiple shear zone gold mineralization being open to the west and south where the interpreted mineralised zones are shown and planned 6 RC holes totalling 560m.

Table 1. HN3 Drill Intercepts > 0.5g/t Au

Hole_Id	From	To	Width	Au_ppm	
98MERB0432	30	31	1	0.58	*
HNB001	35	36	1	0.63	*
HNB002	36	37	1	0.60	*
HNB007	29	30	1	0.66	*
HNB007	31	32	1	1.20	*
HNB007	38	39	1	0.92	*
HNB008	31	32	1	0.56	*
HNRC007	22	23	1	13.00	*
HNRC008	56	57	1	1.00	*
MHNAC001	32	36	4	1.87	
MHNAC001	36	37	1	0.70	
MHNRC02	34	35	1	1.33	
MHNRC02	35	36	1	0.85	
MHNRC23	31	32	1	1.13	
MHNRC24	44	48	4	1.78	
MHNRC25	36	40	4	1.04	
MHNRC26	24	28	4	0.57	
MHNRC29	42	43	1	0.77	
TFB021	40	44	4	0.54	*
TFB034	32	36	4	1.09	*
TFB035	28	32	4	0.83	*
TFB035	40	44	4	0.58	*
TFB072	24	28	4	0.72	*
TFB073	36	37	1	1.60	*
TFB074	44	48	4	0.68	*
TFB075	52	53	1	3.63	*
TFB094	24	28	4	0.57	*
TFB102	40	44	4	1.01	*
TFB104	32	36	4	0.67	*
TFB104	40	44	4	0.97	*

TFB104	44	48	4	1.02	*
TFB106	24	28	4	1.50	*
TFB106	36	40	4	1.48	*
TFB110	40	44	4	0.67	*
TFB127	28	32	4	0.66	*
TFB127	32	36	4	0.58	*
TFB130	28	32	4	0.59	*
TFB130	32	35	3	0.66	*
TFB133	48	52	4	0.73	*
TFC002	35	36	1	0.70	*
TFC002	51	52	1	0.83	*
TFC003	79	80	1	4.55	*
TFC004	92	93	1	0.98	*
TFC004	97	98	1	0.51	*
TFC005	42	44	2	3.39	*
TFC005	64	66	2	2.24	*
TFC006	38	42	4	0.82	*
TFC006	76	78	2	0.66	*
TFC008	98	100	2	1.16	*
TFC009	26	28	2	0.85	*
TFC010	82	84	2	0.50	*
TFC011	46	48	2	0.52	*
TFC011	58	60	2	0.91	*
TFC011	92	94	2	0.62	*
TFC012	42	44	2	2.02	*
TFC012	44	46	2	1.27	*
TFC013	22	24	2	0.86	*
TFC013	36	38	2	0.87	*
TFC014	24	26	2	1.02	*

*Historical

Table 2. Planned RC drilling at HN3

HoleID	MGA_East	MGA_North	Depth	Dip	Azimuth
HN3RC1	425100	6824960	80	-90	0
HN3RC2	425100	6824860	80	-90	0
HN3RC3	425050	6824760	100	-90	0
HN3RC4	425050	6824960	100	-90	0
HN3RC5	425050	6824860	100	-90	0
HN3RC6	425100	6824760	100	-90	0

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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:

1. "Four Large Targets Defined Including a Wide Shallow Open Drilling Target at HN3 at Hawk Nest" dated 26 July 2017.

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.

JORC Code, 2012 Edition – Table 1 report

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.*	• The targets at Hawks Nest 3 have been tested by RC drilling. 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 RAB 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*	• 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.

Criteria	JORC Code explanation	Commentary
	material.	• 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 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.*	• 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 drill holes records lithology, mineralogy, mineralisation, weathering and colour, and is qualitative in nature. • All drill holes 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 samples are cyclone split to produce a 2-3kg sample. 4m composite samples are prepared by tube sampling bulk 1m samples. • No field duplicates were taken. • Sample sizes are appropriate for the grain size being sampled
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.*	• RC samples are assayed using a 50g charge and a fire assay method with an AAS finish which is regarded as appropriate. The technique provides an estimate of the total gold content. • Industry standard standards and duplicates are used by the NATA registered laboratory conducting the analyses.

Criteria	JORC Code explanation	Commentary
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.*	• No independent verification of intersections has been carried out. • 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 • No verification of historically reported drilling has been carried out
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.*	• Drill collars located by hand held GPS with an accuracy of +/- 5m. • 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.*	• RC drilling was carried out at 100m line spacing. 1m samples were composited into 4m composite samples for assay.
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.*	• At Hawks Nest 3 geological interpretation indicate a general NS trend to geological structures. The drilling was carried out orthogonal to this trend.
Sample security	• *The measures taken to ensure sample security.*	• Samples were stored in the field prior to dispatch to Perth using a commercial freight company.
Audits or reviews	• *The results of any audits or reviews of sampling techniques and data.*	• The sampling techniques and results have not been subject to audit.

Section 2 Reporting of Exploration Results

(Criteria listed in the preceding section also apply to this section.)

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	• *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.*	• The Hawks Nest 3 target area is situated on exploration licence E38/3127 held 100% 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.*	• The Hawks Nest 3 area has been subject to extensive historical shallow drilling.
Geology	• *Deposit type, geological setting and style of mineralisation.*	• The Hawks Nest 3 target area is situated within a sequence of Archean porphyry/felsic volcanics, sediments/ black shales, carbonate unit. The mineralisation is interpreted as secondary ironstone that are part of the flat westerly dipping shear zones.

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.*
		• Refer to tables in the text.

Data aggregation methods	• *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.* • *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 weighting or cutting of gold values, other than averaging of duplicate and repeat analyses.
Relationship between mineralisation	• *These relationships are particularly important in the reporting of Exploration Results.*	• Refer to Figure 1 in the text.

Criteria	JORC Code explanation	Commentary
widths and intercept lengths	• *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').*	
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.*	• Plus 0.5g/t Au intersections from the RC drilling have been reported.
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.*	• Refer to 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.*	• Refer to text.