



magnetic resources<sup>™</sup>

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**INDUCED POLARISATION SURVEYS REVEAL  
UNTESTED DEEPER TARGETS AT MT JUMBO  
AND AT HAWKS NEST 3-7.**

### Introduction

During September 2016 eleven lines of Induced Polarisation (IP) were completed totaling 7km of survey. The aim was to identify deeper targets that were not tested by historical exploration which focused on the top 100m. In all six project cases new deeper targets were identified and are summarised below.

### Mount Jumbo

The Mt Jumbo gold rich shear straddles EL38/3100 and ELA38/3127 and totals greater than 1.3km in length. A number of intersections are recorded, see Figures 2-7 and Table 1. This shear zone is very prospective and appears as a NNE fault intersection off a NS fault that passes just west of the +7Moz Wallaby deposit. Numerous high grade results are present with **34 intersections having over 2m @ 2g/t**. Some of the better historical intersections include **15m @ 2.4g/t** from 97m in hole AXC013 (Figure.6 and Table 1) and **4m @ 7.2g/t** from 104m in hole AXC048 (Table 1). The gold mineralisation is often associated with gossanous iron oxide which in some cases appears open at depth (Figures 3- 7).

Two lines of IP shown on Figure 2, have detected deeper chargeable zones that correlate with the gold-bearing-gossanous target depth extension. **The most northern IP line is much wider than predicted and at least 2 chargeable zones have been interpreted (Figure.7). The auriferous shear zone shows up as a defined shallow conductive zone between 95-130m depth (Figure 6) underlain by a more chargeable zone around 160m depth which is the main focus of the current drilling programme.**

**A 4-hole RC drill programme is planned to start on 25 October 2016** to test for depth extensions of the northern part of the Mt Jumbo shear zone (Figure.2). Each hole will be drilled to at least 225m depth.

Additional drilling will be carried out on the southern part of the Mt Jumbo Shear Zone and other prospective areas outlined, once the Hawks Nest (ELA38/3127) tenement is granted.

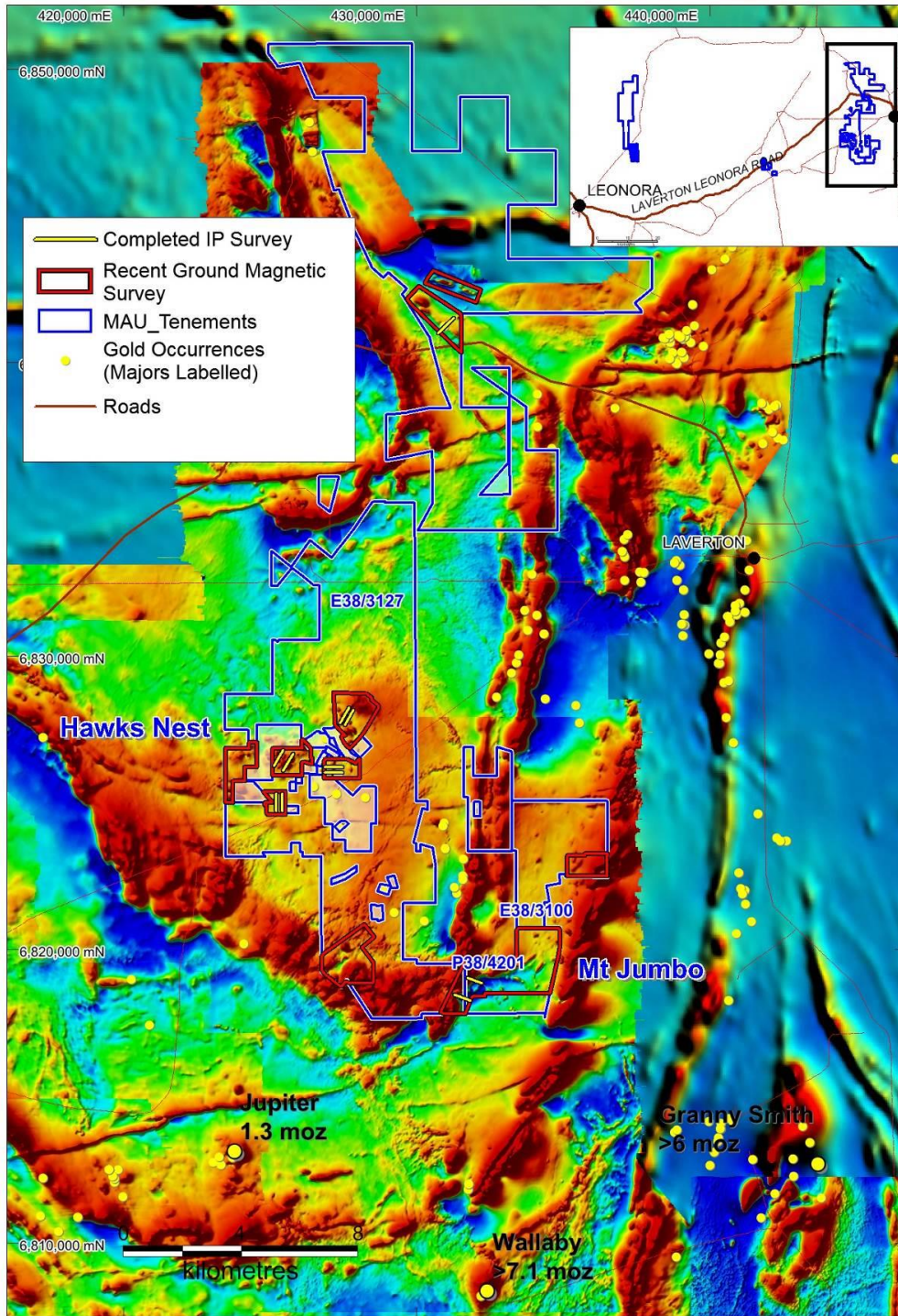


Figure 1. Laverton tenements, gold deposits, completed ground magnetics, completed IP surveys and detailed aeromagnetics.

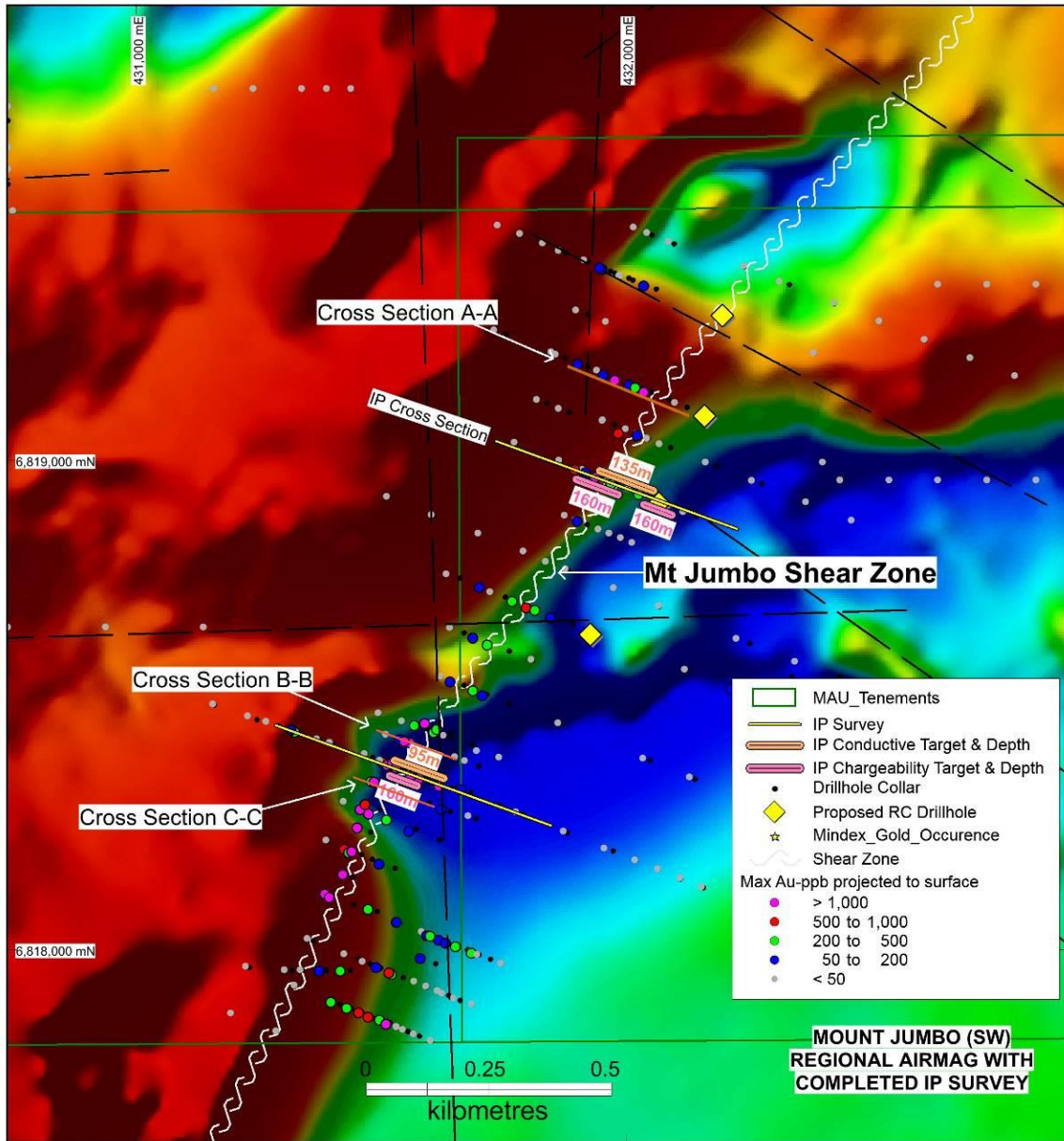


Figure 2. Mt Jumbo maximum gold intercepts projected to surface, historical cross sections, proposed I.P. surveys and RC drill holes.

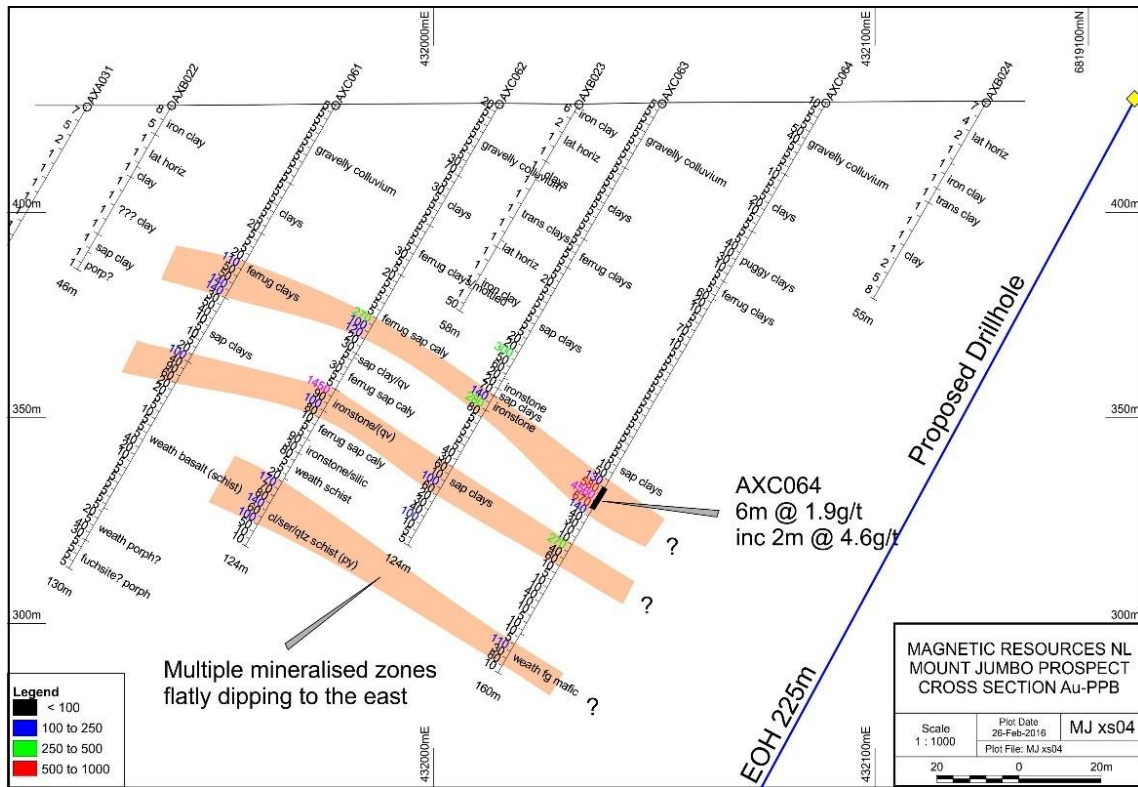


Figure 3. Mt Jumbo drill section A-A

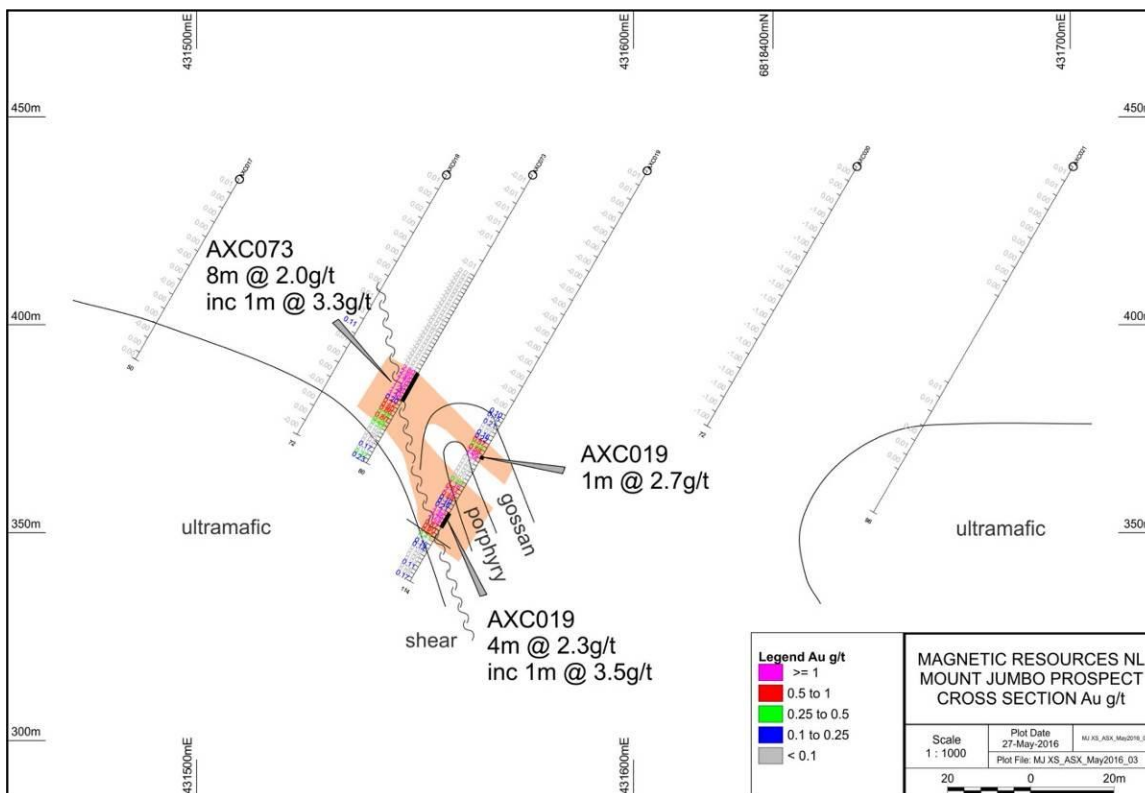


Figure 4. Mt Jumbo drill section B-B

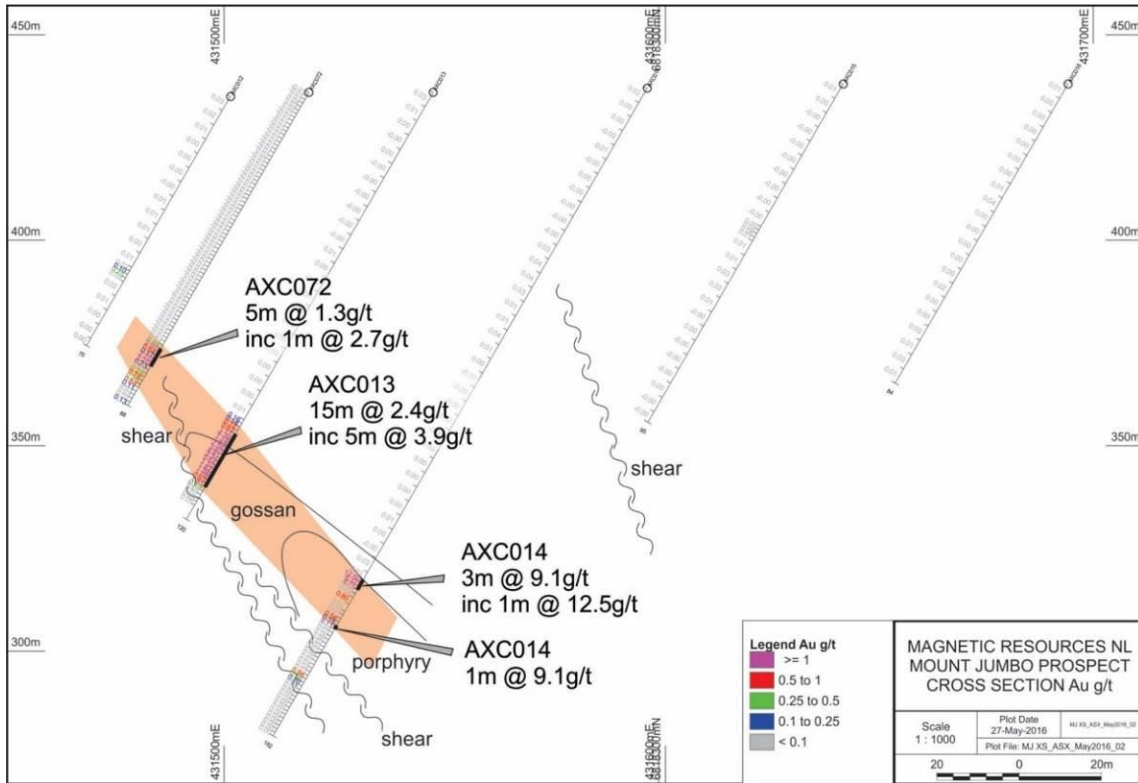


Figure 5. Mt Jumbo drill section C-C

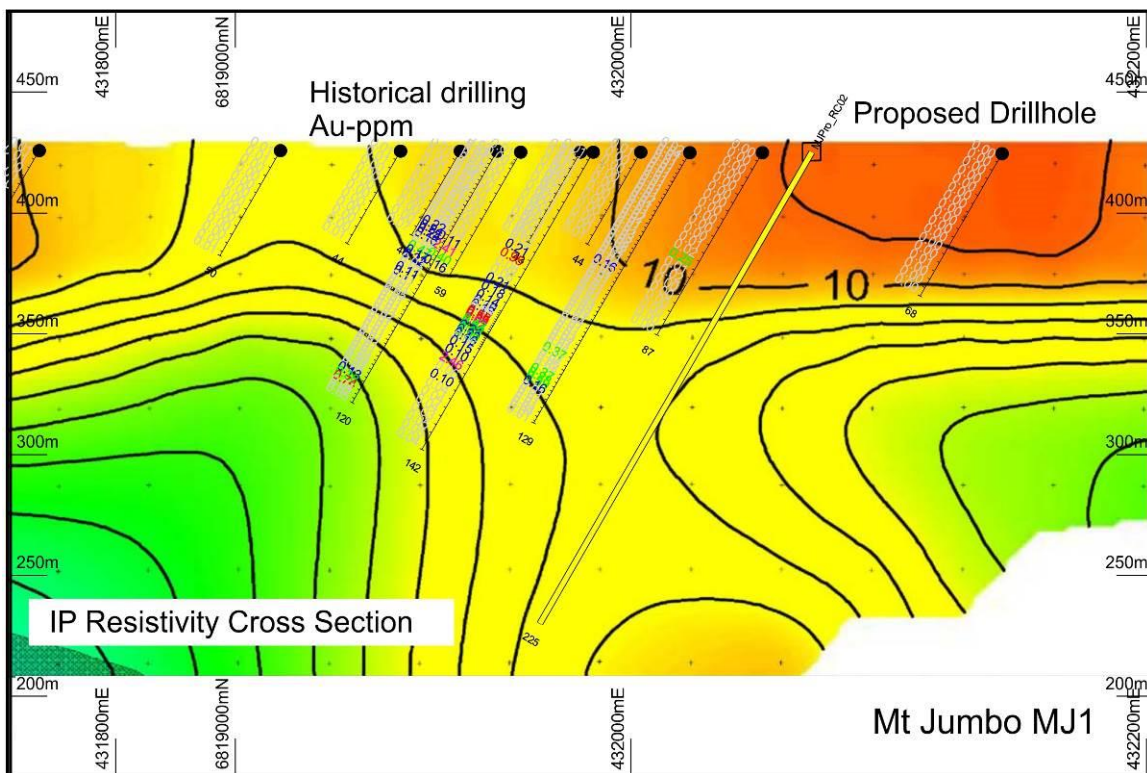


Figure 6. Mt Jumbo IP section – Resistivity

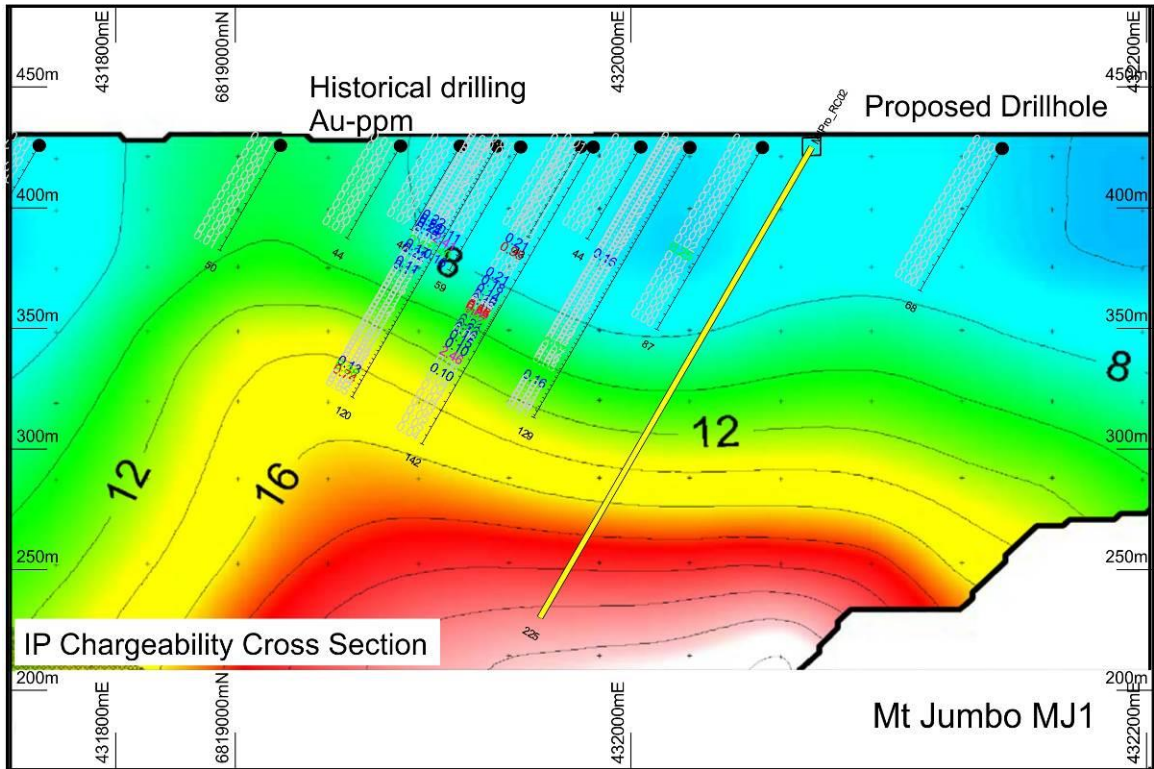


Figure 7. Mt Jumbo IP section - Chargeability

### Hawks Nest 3

Hawks Nest 3 (Figures 7 and 8) is a broad zone defined by sericite alteration of a porphyry and a mafic unit with an unusual carbonate rich sediment which have been drilled extensively down to 80m vertically. There is extensive supergene gold mineralisation at 30-40m depth covering an area of 400m EW and 300m NS with 17 holes having values above 1g/t Au and a high value of 1m @13g/t Au from 22m in hole HNRC007 at 425176E 6825105N. Two NS IP lines have been completed over the central part of this supergene zone to help define the down dip extent and source of the supergene zone prior to deeper drilling below 80m (Figure 7).

**The IP has shown up a well-defined northerly dipping chargeable body starting at 140m depth which is planned to be tested for the first time by a 225m drill hole.**

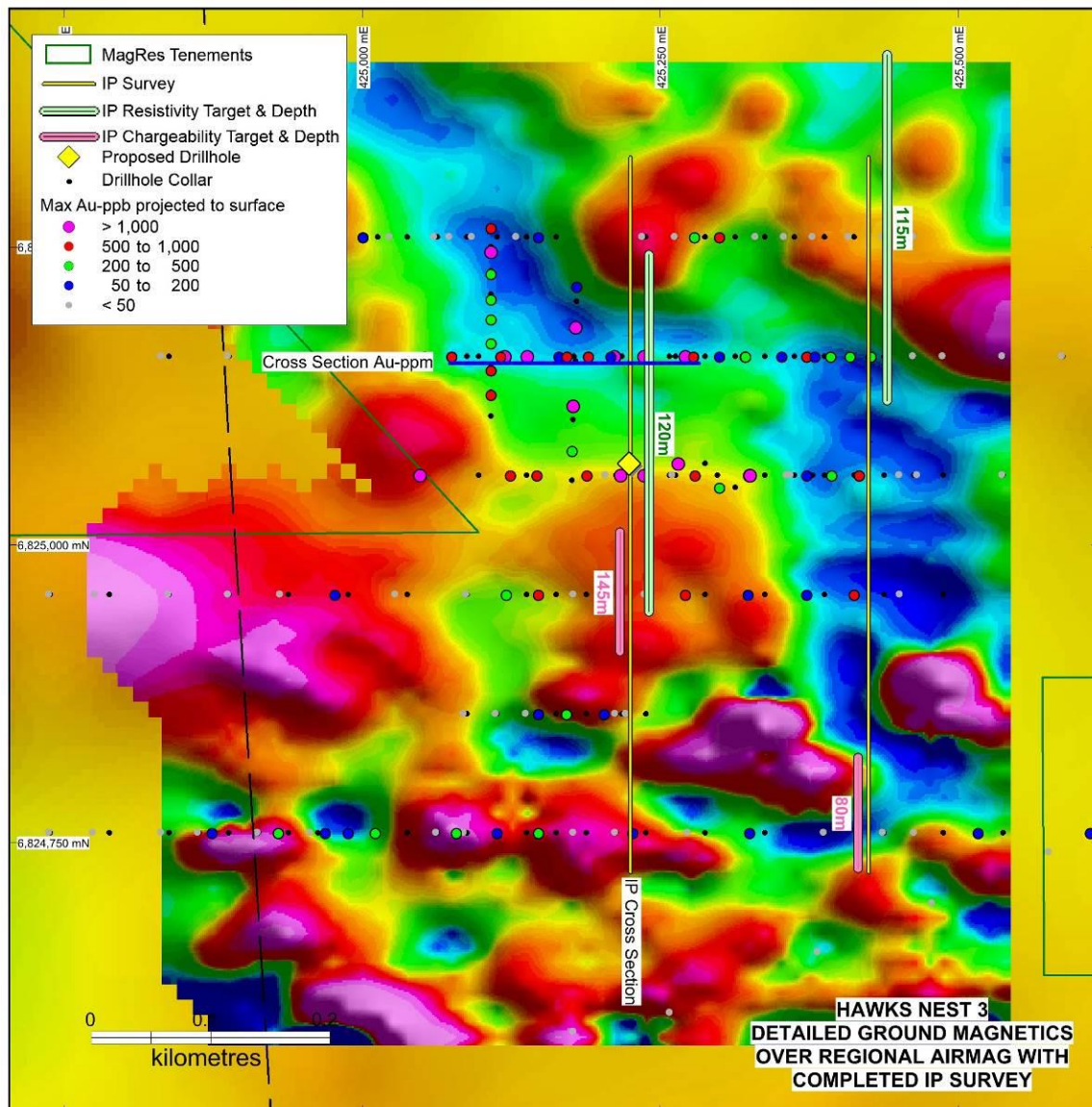


Figure 7. Hawks Nest 3 ground magnetics, maximum gold intercepts projected to surface and IP section.

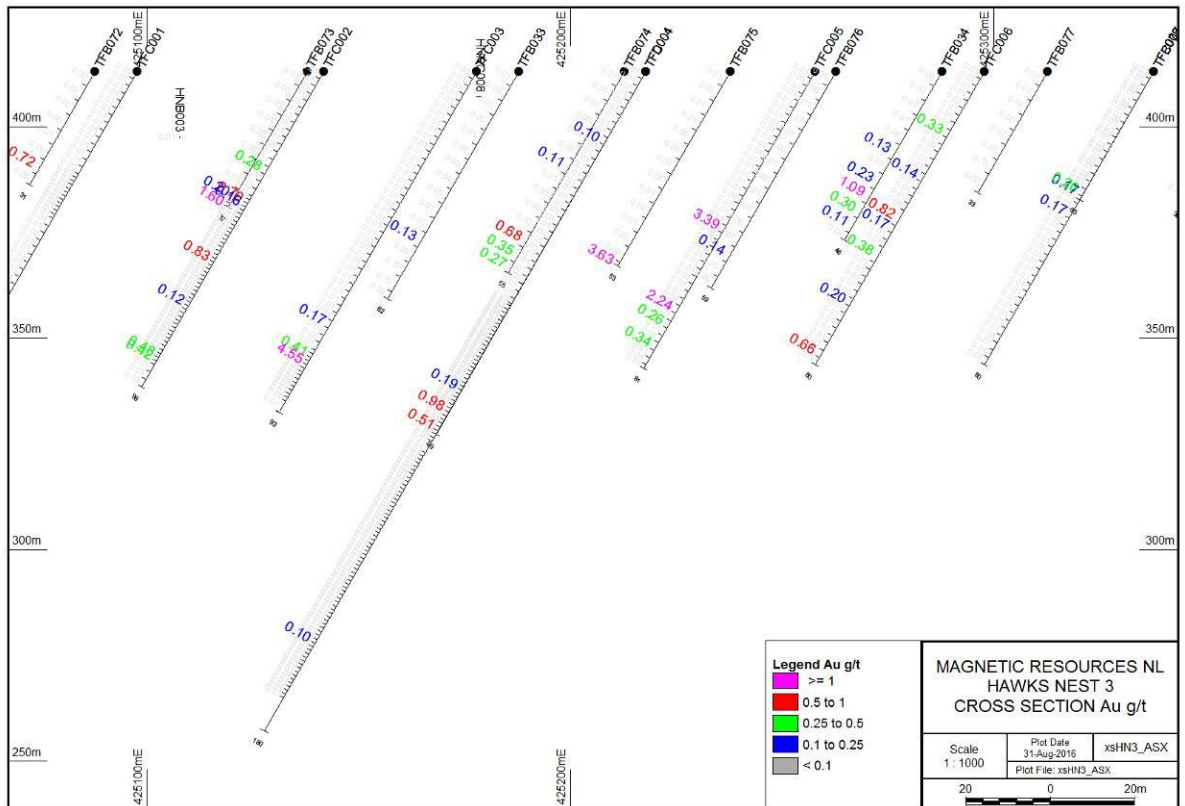


Figure 8. Hawks Nest 3 EW cross section.

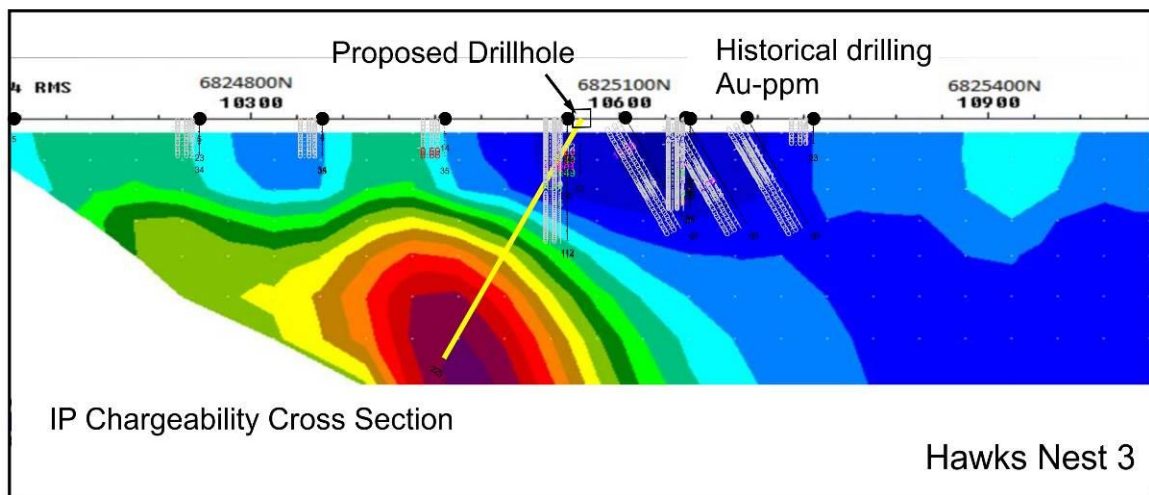


Figure 9. Hawks Nest 3 IP section - Chargeability.



## Hawks Nest 7

The Marabou shear zone which is also called Hawks Nest 7 (Figure. 10) is 2.3km long and is well defined by a recently completed detailed cesium vapour ground magnetic survey. A number of significant gold intersections are present along this shear including 2m @ 110g/t from 38m in hole LJA0035 and 1m @ 3.6g/t from 44m in hole LJA0002. The shear zone is defined by quartz veins and disseminated sulphides and by a conductive EM zone. A line of IP has outlined a conductive zone with some evidence for a deeper chargeable target at 170m depth.

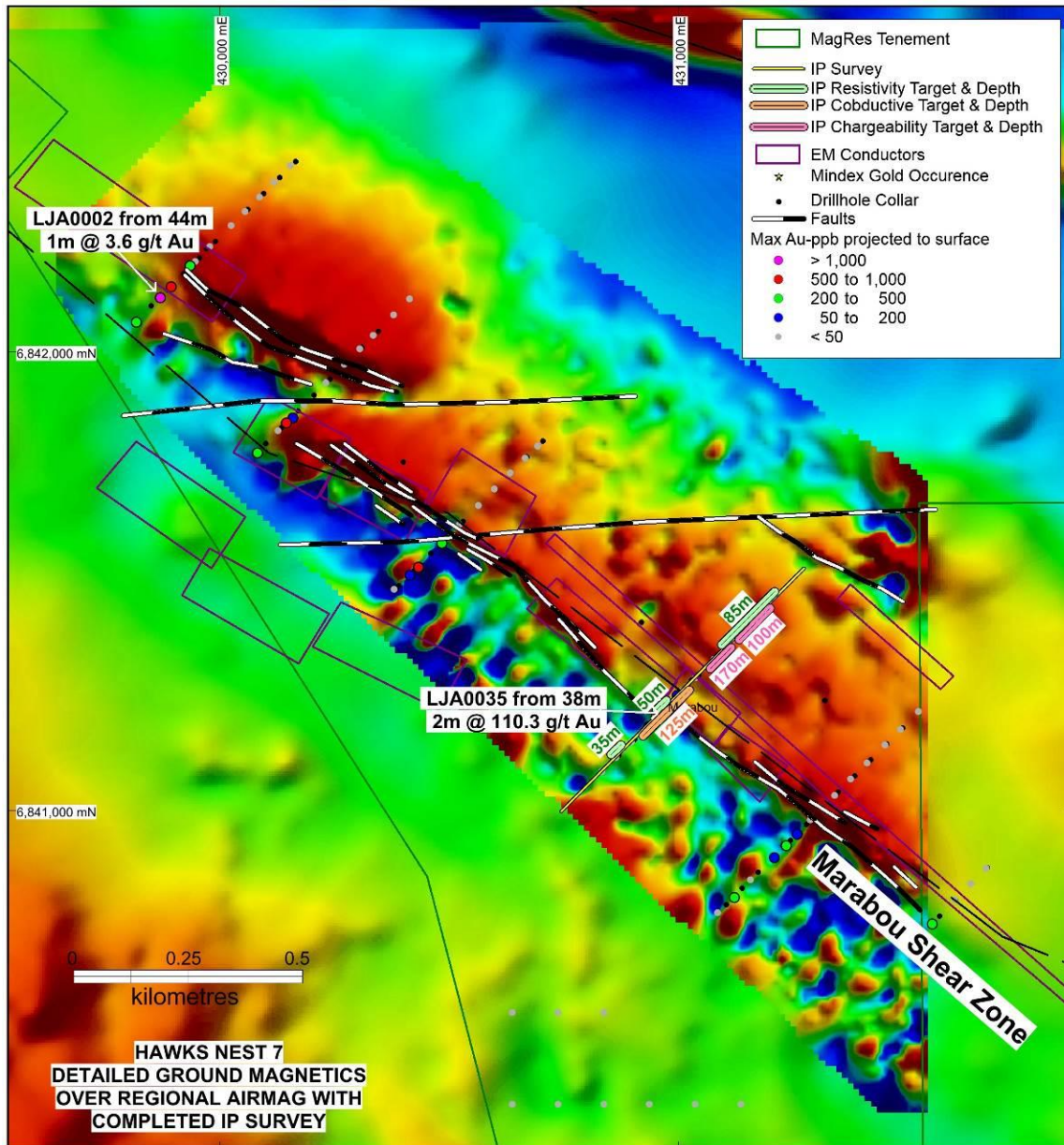


Figure 10. Hawks Nest 7 ground magnetics, maximum gold intercepts projected to surface, EM conductors and IP line.

## Hawks Nest 4

The Hawks Nest 4 area has well defined magnetic mafic rocks which are disrupted by WNW structures. The southernmost structure has a number of historical diggings on quartz veins and ironstones. Sample HNR017 has a high rock chip value of 51.7 g/t Au in an outcropping ironstone from recent sampling (Figure 11). This is very encouraging and **two lines of IP have been completed over this mineralised structural zone and identified a conductive-chargeable zone between 90 to 135m depth to the top of this zone. Figure 12 shows a 225m hole that is proposed to test the mineralised ironstone and chargeable IP target.**

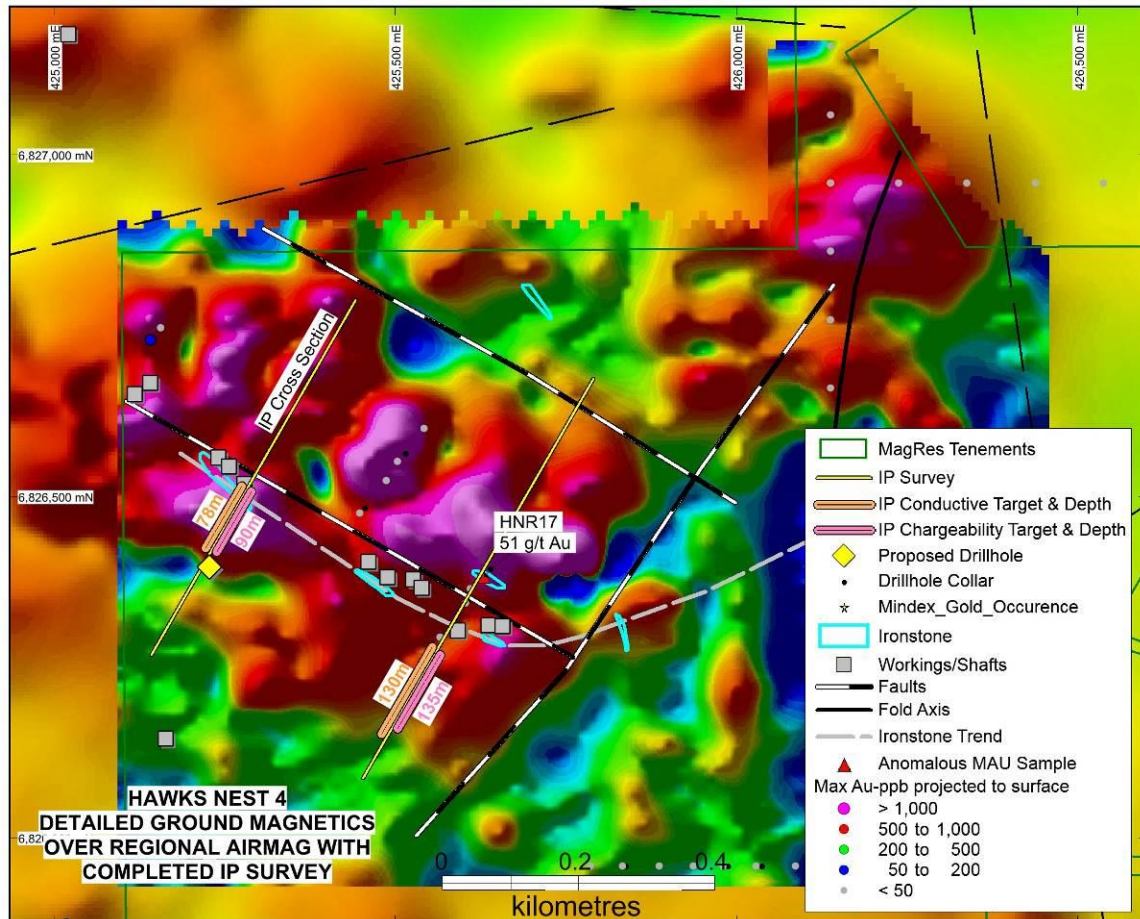


Figure 11. Hawks Nest 4 ground magnetics, historical diggings, anomalous rock chip sample and IP lines.

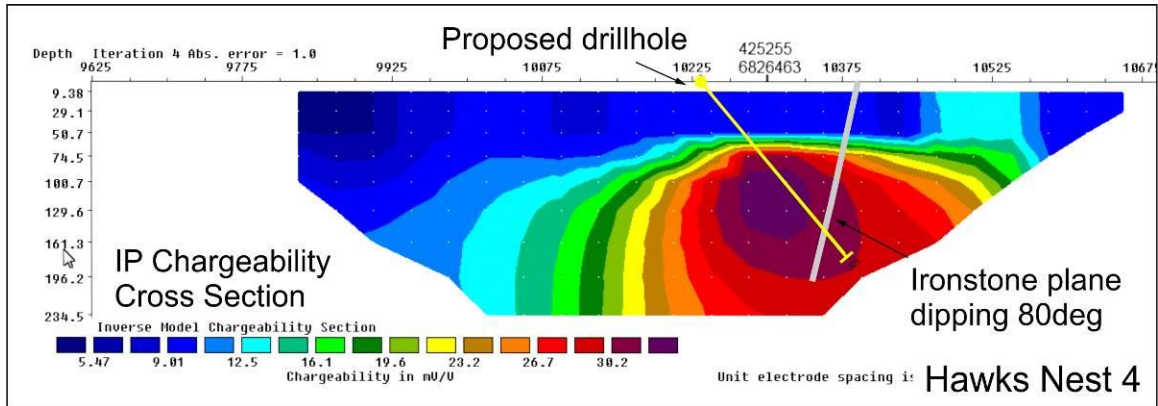


Figure 12. Hawks Nest 4 IP section - Chargeability.

### Hawks Nest 5

This prospect has a well-defined NS sheared strongly magnetic silicified banded magnetite-amphibolite unit that is up to 150m wide. Rock sample HNR08 from a working returned 1.63g/t Au on the interpreted NS shear zone (Figure 13). Two lines of IP have been completed to cover part of the shear zone and some of the extensive WNW trending Emerald diggings.

Two separate lines of WNW trending Emerald workings have shown up on both IP lines as well defined resistive zones between 80 to 120m depth. The southern workings appear to be part of a sinistrally displaced mafic unit. The intersection of this structure and the NS shear zone has shown up as a shallow 35m deep resistive-chargeable zone coinciding with the gold mineralisation sampled at HNR08. Both the Emerald workings and this NS IP target and the resistive zones associated with the Emerald workings will be investigated with further drilling when the Hawks Nest tenement is granted.

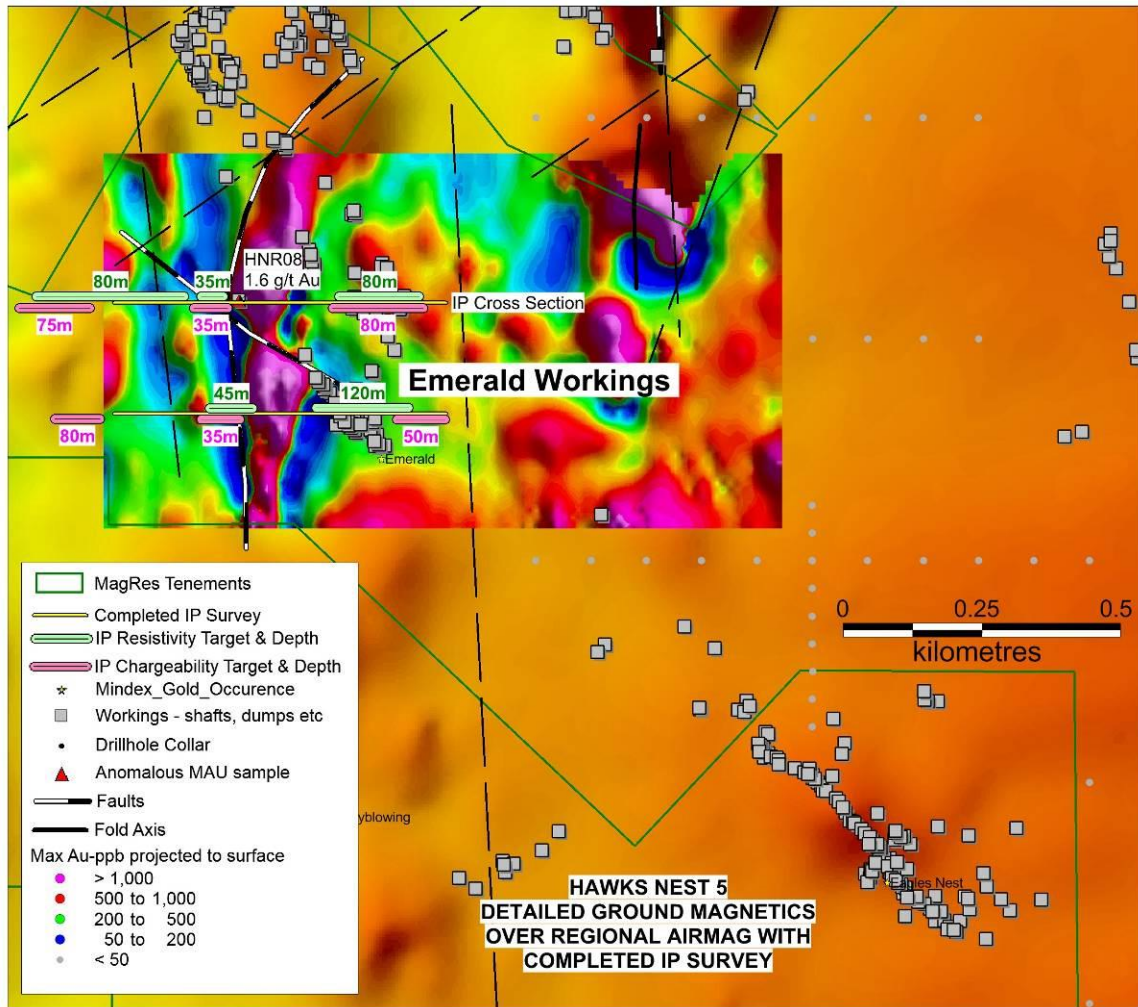


Figure 13. Hawks Nest 5 maximum gold intercepts projected to surface, anomalous rock chip sample and proposed I.P. survey.

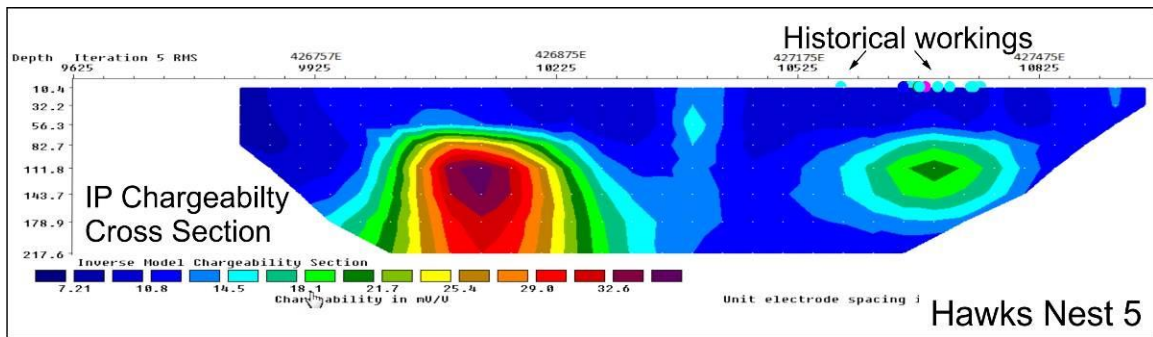


Figure 14. Hawks Nest 5 IP section - Chargeability.

## Hawks Nest 6

Hawks Nest 6 has two 400m diameter circular magnetic anomalies interpreted to be mafic units that are broken up by NNW trending faults. The intersection of the NNW and NNE faults is seen as prospective gold target area. and Two lines of IP have been completed and have identified a chargeable zone between 160-185m depth which has not been previously tested.

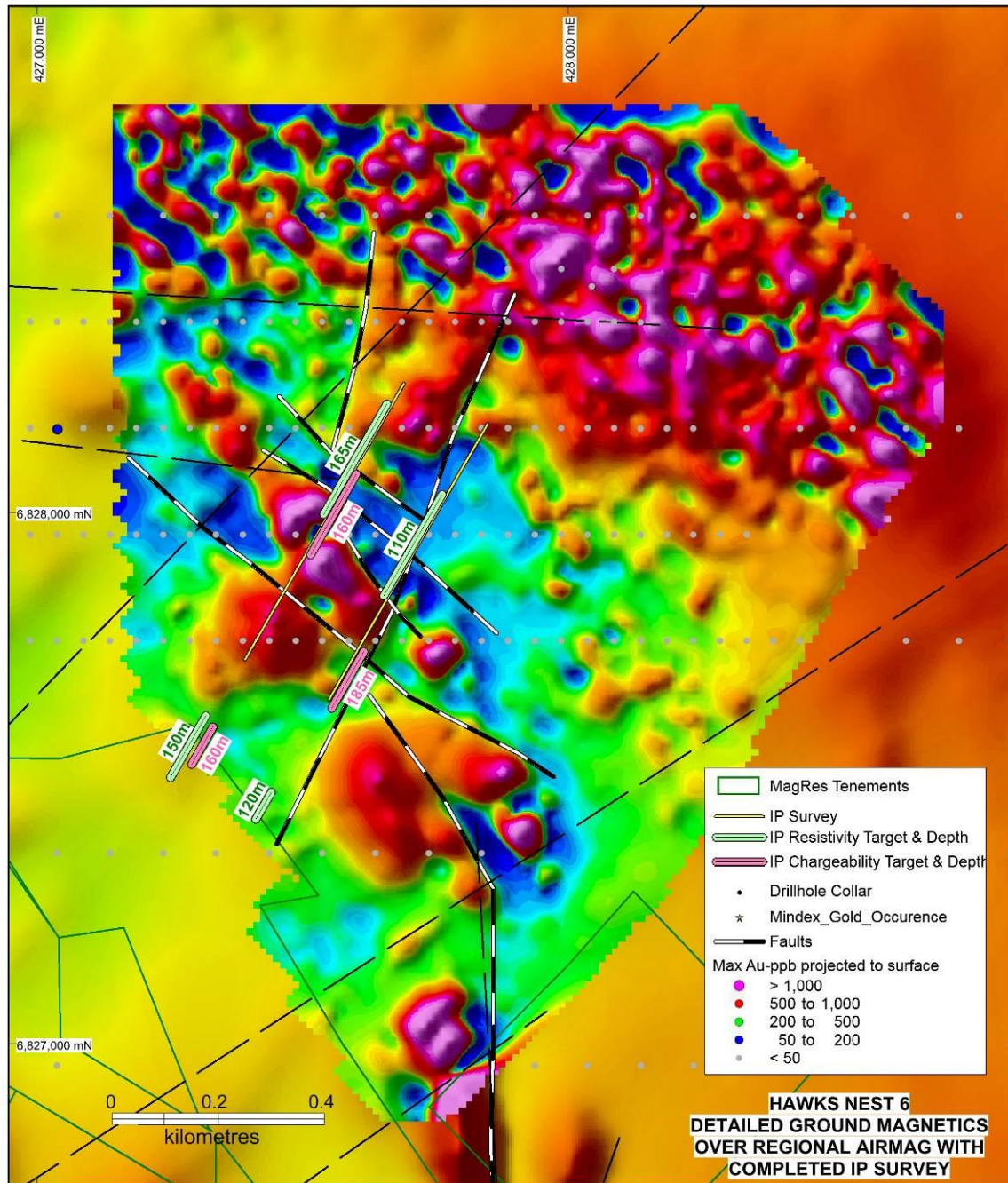


Figure 15. Hawks Nest 6 ground magnetic survey and IP lines.

Table 1. Mt Jumbo Significant (>2g/t) Gold Intercepts

Hole_Id	MGA_East	MGA_North	From(m)	To(m)	Width(m)	Au g/t
AXA011	431958	6818960	48	52	4	2.4
AXC005	431612	6818340	72	73	1	6.9
AXC005			78	80	2	4.1
AXC005			96	97	1	5.1
AXC007	431548	6818366	70	71	1	2.7
AXC007			78	79	1	4.9
AXC007			85	86	1	2.2
AXC008	431572	6818367	85	86	1	2.6
AXC008			102	105	3	2.5
AXC008			108	109	1	2.2
AXC009	431591	6818354	130	131	1	2.1
AXC010	431642	6818330	173	173.5	0.5	4
AXC010			183.6	184.7	1.1	2.2
AXC013	431548	6818319	97	98	1	4.4
AXC013			100	105	5	4
AXC014	431597	6818300	138	141	3	9.1
AXC014			151	152	1	9.1
AXC019	431603	6818410	79	80	1	2.7
AXC019			90	91	1	2.1
AXC019			96	98	2	3.1
AXC047	431398	6818111	28	32	4	3.7
AXC048	431444	6818092	104	108	4	7.2
AXC058	431986	6818949	102	106	4	2.5
AXC064	432089	6819123	110	112	2	4.6
AXC065	431555	6817833	99	100	1	8.8
AXC068	431441	6818148	42	43	1	2.2
AXC069	431460	6818194	43	45	2	3.8
AXC069			46	47	1	2.6
AXC070	431478	6818240	58	60	2	4.1
AXC072	431520	6818331	72	73	1	2
AXC072			75	76	1	2.7
AXC073	431576	6818416	55	58	3	2.7
AXC073			62	63	1	3.3
AXC074	431618	6818453	64	65	1	2.6

The Leonora-Laverton district is well endowed with large world class gold deposits. A study of the Company's tenements has so far identified a total of 5 project areas totaling 272sq km (Figures 1 and 2) that have the potential to host large scale deposits. These targets are within 50km of existing gold operations, opening the possibility for toll treating. The gold tenements held by Magnetic include: Mt Jumbo E38/3100 and P38/4201 (17sqkm); Kowtah P39/8694-8697 and P39/5617 (9sqkm); Hawks Nest E38/3127 (150sqkm) Mertondale E37/1258 (81sqkm); Christmas Well P37/8687-8694 (14sqkm).

The objective of Magnetic Resources' gold exploration program is to identify large gold deposits of 1Moz or greater utilising the geological and geophysical characteristics of the known surrounding deposits. This belt is well endowed with over 34Moz (mined plus resources) being second to the Kalgoorlie region in WA.

A number of very large deposits (Figure.1) are present including: Wallaby (>7.1Moz mined plus resource), Sunrise Dam (>10Moz mined), Granny Smith (>2Moz mined), Gwalia (7.3Moz mined plus resource), Westralia (2.4Moz mined plus resource) and Jupiter (1.3Moz mined resource). The Mt Jumbo and Hawks Nest tenements are only 10km and 20km north of the Wallaby deposit respectively.

Work planned by the Company will be focused on extensions of any known mineralised zones within the tenements, identified by previous exploration, and large scale localised features identified by geological and geophysical interpretation that are prospective for large scale deposits which appear to be largely untested.

Initial work over the targets identified is expected to include gold soil geochemistry and ground magnetics, which in some cases can identify near surface mineralisation. The Company will also examine the effectiveness of any historical work including assessment of whether the drill depth was adequate.

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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.