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**ASX Release
7 August 2017**

ASX code: MAU

LARGE GOLD NUGGETS RECOVERED FROM MERTONDALE



Figure 1. Some of the large gold nuggets recovered from Mertondale

Mertondale

More than 25 ounces 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 Figure 1 and 2. **These nuggets are very large with one nugget being 5cm long by 4cm in size and estimated to contain greater than 10 ounces of gold.** The nuggets are reported to occur at shallow depths of less than 1m within a lateritic profile and are **likely to be sourced from the underlying bedrock** because of the angular nature of the nuggets and have been located using hand held metal detectors. The area where the nuggets have been found has now been covered with a detailed soil sampling programme (115 samples) and the two adjacent RAB drill lines (43 drill holes) have been now completed covering aeromagnetic targets MRT24 and 25 which are both interpreted to be dilational targets near the nugget discovery. Further RAB drilling (26 drill holes) is planned over the nugget area and approval for detecting and dozing to further access this discovery is awaited.

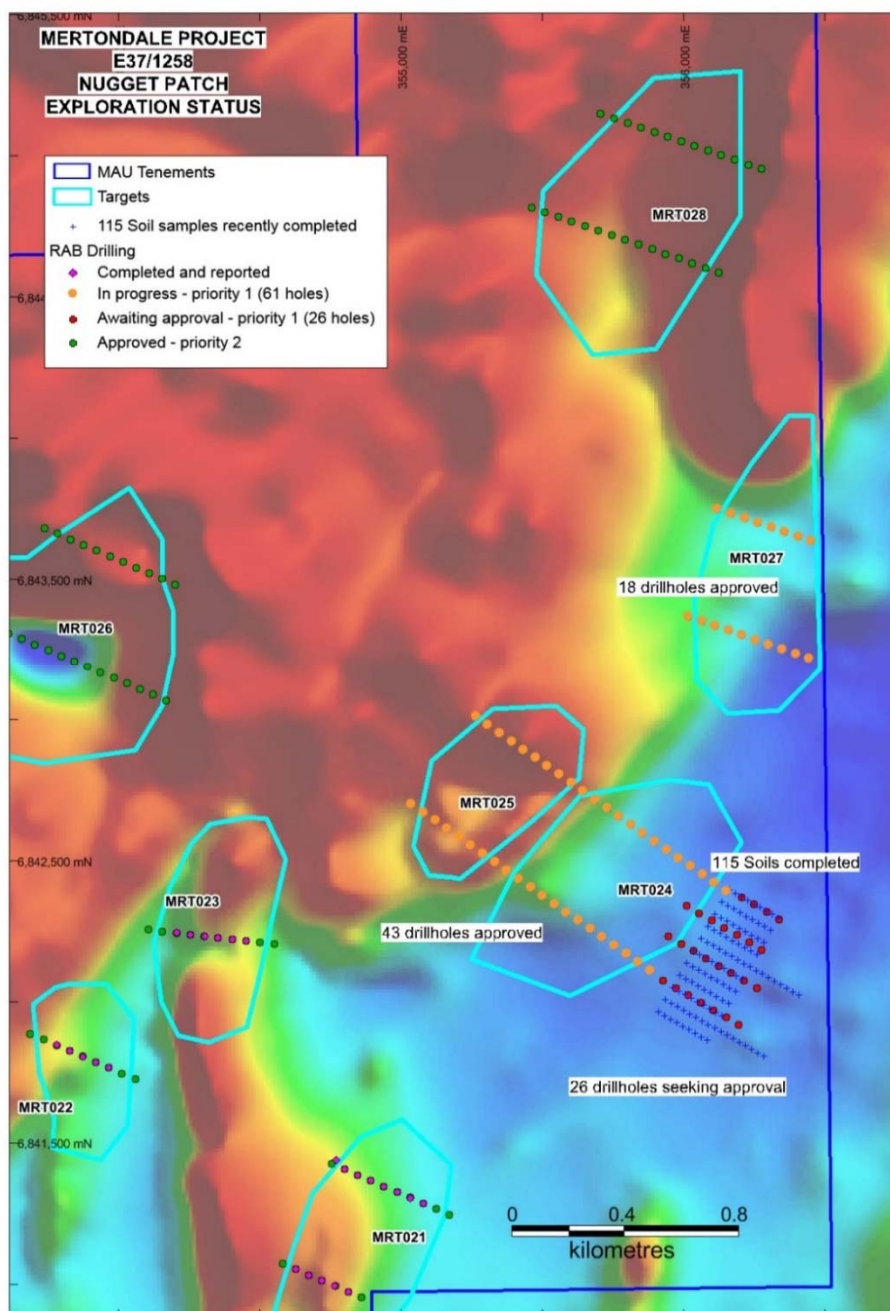


Figure 2. Planned soil and RAB drilling over and adjacent to the newly discovered nugget area

Magnetic has also signed a tribute agreement with Mr Matt Taylor the Mertondale pastoralist. The main points are that a 500 tonne 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.

Magnetic Resources has carried out shallow reconnaissance geochemical drilling on several target areas within the 81sq.km exploration licence E37/1258 at Mertondale, 20km NW the Cardinia Gold Project (193,000oz) and only 5km west of the Mertondale Deposit (395,000oz). The drilling forms part of a programme to test numerous target areas identified from interpretation of detailed 100m spaced aeromagnetic image data on its extensive tenement holdings in the Leonora area. Shallow RAB drilling (1 to 5m depth) at 50m intervals along scout lines 400m apart was carried out over 22 target areas with anomalous gold and pathfinder elements being identified at **7 of these targets** (refer ASX announcement 10/07/2017 - 6km of Gold Targets Identified at Mertondale).

Anomalous gold values in highly leached saprolite below hardpan range from 10 to 35ppb compared to background values of 1 to 4ppb. Significantly, many of the anomalous gold values are supported in the same or adjacent holes by anomalous pathfinder elements such as silver, bismuth, arsenic, molybdenum and tungsten which indicate coherent trends around 1km of strike, open along strike, and with potential to extend over an aggregate strike length of six km.

Magnetic is encouraged by these initial results from an area in a promising geological setting for gold where previous exploration is likely to have been ineffective and where very little historical drilling has been carried out. A programme of follow up infill RAB geochemical drilling on these 6km of these multi element targets is planned and POW approval is awaited prior to commencing drilling.

These extensive gold targets and the new gold nugget area are within an emerging gold region where Kin Mining are defining a high-grade gold deposit at Cardinia (193,000) and are also working on the adjacent Mertondale Deposits (395,000oz). North of here NTM Gold Ltd are defining new deposits north of the Golden Terrace South Deposit (90,500oz) and the Kelly Deposit (80,400oz).

Magnetic Resources Managing Director stated, "we are very impressed by the size of these nuggets which appear to have come from an underlying bedrock source near existing aeromagnetic targets in an emerging gold province. We have acted quickly to ensure Magnetic benefits from any nuggets recovered by signing a tribute agreement with the local pastoralist. In addition we have completed detailed soil and shallow RAB holes in the vicinity of the nugget discovery area and are awaiting the assay results. We already have seven kilometres of prospective multi element targets at Mertondale and Christmas Well and are awaiting Mines Department POW approval so we can complete infill work and additional RAB drilling over the new large nugget area."

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

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The Information in this report that relates to Exploration Results for the Mertondale project is extracted from the ASX announcement entitled "6km of Gold Geochemical Targets Identified at Mertondale" dated 10 July 2017 which is 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.