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MERTONDALE GOLD IN LATERITE

Further to Magnetic Resources' recent release on soil sampling results from the area of reported coarse angular gold nugget occurrences in laterite cover at Mertondale E37/1258 (MAU ASX release of 24 August 2017), results of shallow scout RAB drilling indicate anomalous gold values adjacent to the nugget discovery area. **Prospectors active in the area also report finer grained gold in the nugget discovery area as a result of sampling, dollying (hand crushing) and panning the laterite, as shown in the photos below.**



Figure 1 Photos of large gold tail from crushed laterite and pit in laterite,

The prospectors report that a 1kg sample of laterite within a hand dug pit (shown above) contains visible gold as shown in large gold tail from panning (Figure 1).

Extensive laterite cover has been mapped in the area, as shown in Figure 2. Bearing in mind the reported gold finds occur in the laterite cover, Magnetic is planning systematic sampling of the laterite over a large 3.3 sq.km area.

This laterite sampling programme will assist in siting of a RAB drilling, which will investigate both the extent of the gold within the laterite profile and the possible source of the gold in the underlying bedrock. **The laterite cover is much more extensive than the 3.3km area being sampled** and will be further assessed after this sampling and RAB drilling programme is completed. Deposits in the region with significant lateritic deposit associated with the primary mineralisation include Granny Smith and Sunrise Dam at Laverton.

The scout geochemical drilling, designed to test a nearby aeromagnetic target, averaged 6m in depth and returned maxima of 22.5ppb and 38ppb gold compared to background values of 1-2ppb gold. As shown in Figure 3. the anomalous gold values in the soil sampling remain open to the south and anomalous RAB drilling values are open both to the north and south.

Follow up surface laterite sampling is expected to commence in the next few days, to be followed by RAB drilling in September once the necessary permits have been obtained. Also, a Tribute agreement has been signed with the local pastoralist (MAU ASX release 7 August 2017) and initial dozing and detecting is expected to commence as well.

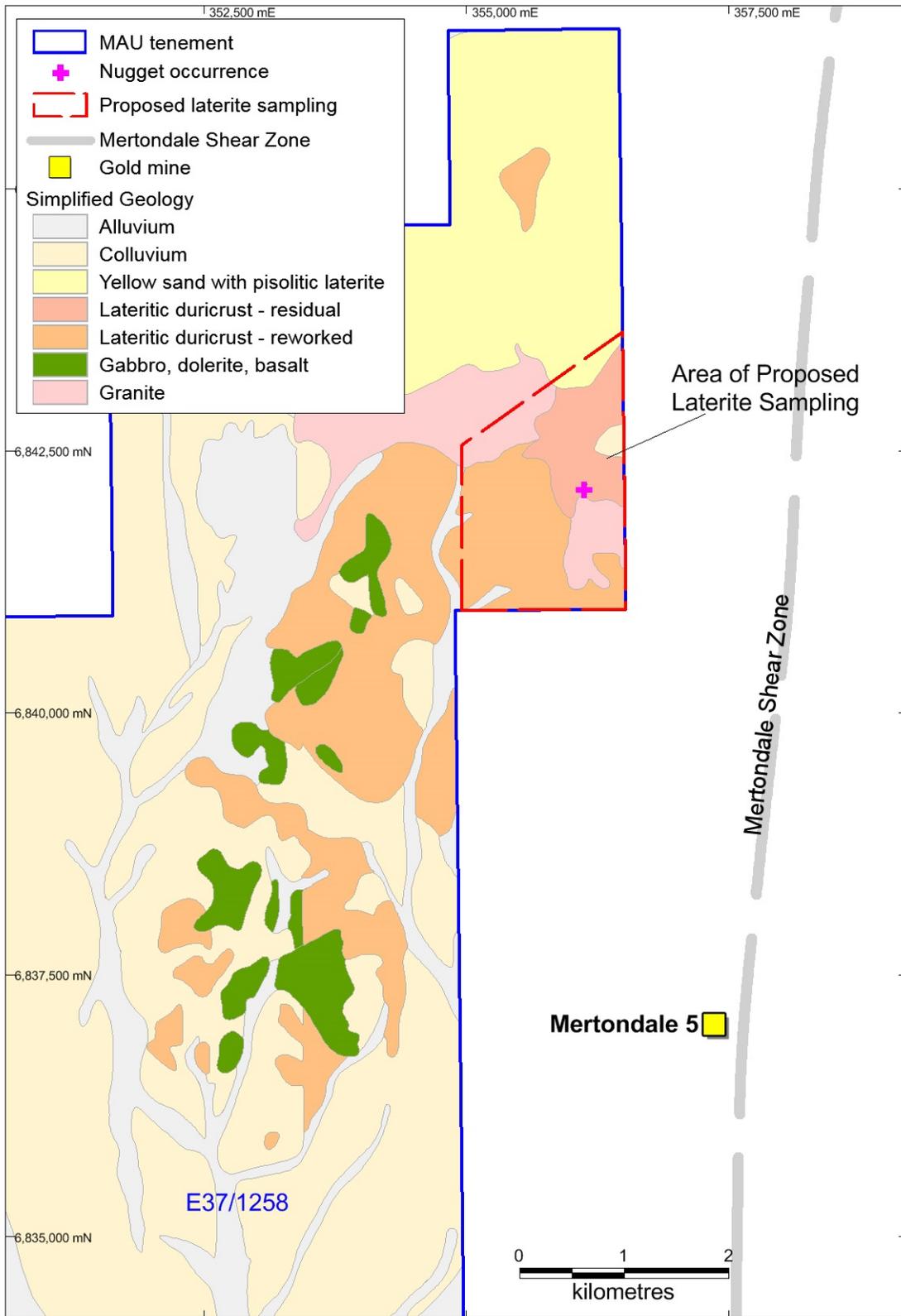


Figure 2
Generalised Geology showing extensive Lateritic Areas and Sampling Programme
 (source: GSWA Minerie and Leonora 1:100,000 geological maps)

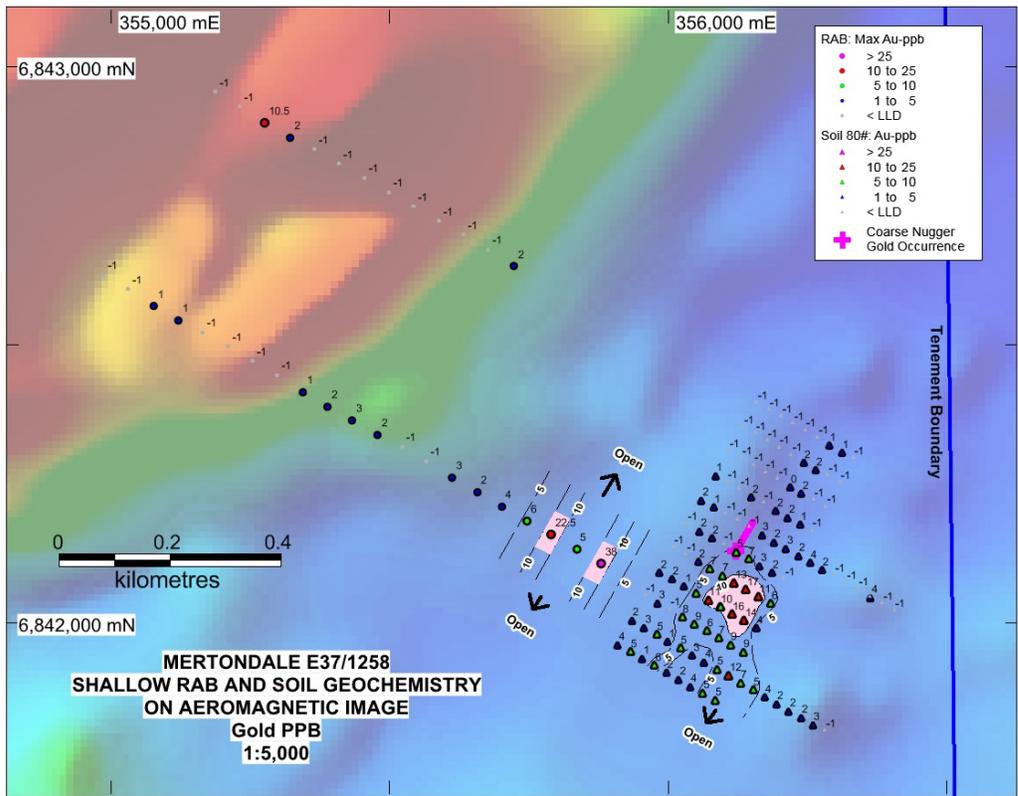


Figure 3 Shallow RAB and Gold Soil Geochemistry over Nugget Area.

For more information on the company visit 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.

JORC Code, 2012 Edition – Table 1 report template

Section 1 Sampling Techniques and Data

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

Criteria	JORC Code explanation	Commentary
Sampling techniques	<ul style="list-style-type: none"> • <i>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.</i> • <i>Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.</i> • <i>Aspects of the determination of mineralisation that are Material to the Public Report.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • For RAB sampling, 1m samples are laid out in 10m rows on the ground. • Sampling and QAQC procedures are carried out using Magnetic's protocols as per industry sound practice. • Composite 4m or 2m 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	<ul style="list-style-type: none"> • <i>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).</i> 	<ul style="list-style-type: none"> • Shallow rotary air blast (RAB) drilling with a blade bit was used for scout geochemical sampling to an average depth of 6m.
Drill sample recovery	<ul style="list-style-type: none"> • <i>Method of recording and assessing core and chip sample recoveries and results assessed.</i> • <i>Measures taken to maximise sample recovery and ensure representative nature of the samples.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • RAB sample recoveries are visually estimated qualitatively on a metre basis. • Bearing in mind the shallow geochemical nature of the drilling, the sample recovery is considered adequate for purpose. • Insufficient drilling and geochemical data is available at the present stage to evaluate potential sample bias.
Logging	<ul style="list-style-type: none"> • <i>Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate</i> 	<ul style="list-style-type: none"> • The geochemical samples were not logged.

Criteria	JORC Code explanation	Commentary
	<p><i>Mineral Resource estimation, mining studies and metallurgical studies.</i></p> <ul style="list-style-type: none"> <i>Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.</i> <i>The total length and percentage of the relevant intersections logged.</i> 	
<p><i>Sub-sampling techniques and sample preparation</i></p>	<ul style="list-style-type: none"> <i>If core, whether cut or sawn and whether quarter, half or all core taken.</i> <i>If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.</i> <i>For all sample types, the nature, quality and appropriateness of the sample preparation technique.</i> <i>Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.</i> <i>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.</i> <i>Whether sample sizes are appropriate to the grain size of the material being sampled.</i> 	<ul style="list-style-type: none"> RAB samples are trowel sampled by hand to produce a 4m or 2m composite sample. No field duplicates were taken. Sample sizes are appropriate for the grain size being sampled.
<p><i>Quality of assay data and laboratory tests</i></p>	<ul style="list-style-type: none"> <i>The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.</i> <i>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.</i> <i>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.</i> 	<ul style="list-style-type: none"> RAB samples are analysed using a 10g charge, aqua regia digestion and ICPMS determination for gold and pathfinder elements, which is a partial method but considered appropriate for weathered and oxidized material. Industry standard standards and duplicates are used by the NATA registered laboratory conducting the analyses.
<p><i>Verification of sampling and assaying</i></p>	<ul style="list-style-type: none"> <i>The verification of significant intersections by either independent or alternative company personnel.</i> <i>The use of twinned holes.</i> <i>Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.</i> <i>Discuss any adjustment to assay data.</i> 	<ul style="list-style-type: none"> Not applicable for shallow geochemical drilling.
<p><i>Location of data points</i></p>	<ul style="list-style-type: none"> <i>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</i> 	<ul style="list-style-type: none"> Samples were located using a hand held GPS with an accuracy of +- 4m.

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	<p><i>estimation.</i></p> <ul style="list-style-type: none"> • <i>Specification of the grid system used.</i> • <i>Quality and adequacy of topographic control.</i> 	
<i>Data spacing and distribution</i>	<ul style="list-style-type: none"> • <i>Data spacing for reporting of Exploration Results.</i> • <i>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.</i> • <i>Whether sample compositing has been applied.</i> 	<ul style="list-style-type: none"> • Geochemical drilling was carried out on 400m spaced lines with a 50m interval between holes along the lines. • 1m samples were composited into 4m or 2m composite samples for assay.
<i>Orientation of data in relation to geological structure</i>	<ul style="list-style-type: none"> • <i>Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • Aeromagnetic trends indicate a NE-SW trend to geological structure. The drilling was carried out orthogonal to this trend.
<i>Sample security</i>	<ul style="list-style-type: none"> • <i>The measures taken to ensure sample security.</i> 	<ul style="list-style-type: none"> • Samples were stored in the field prior to dispatch to Perth using a commercial freight company.
<i>Audits or reviews</i>	<ul style="list-style-type: none"> • <i>The results of any audits or reviews of sampling techniques and data.</i> 	<ul style="list-style-type: none"> • 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
<i>Mineral tenement and land tenure status</i>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The target area is situated on exploration licence E37/1258 held by Magnetic Resources NL. The licence is granted with no known impediments to obtaining a licence to operate.
<i>Exploration done by other parties</i>	<ul style="list-style-type: none"> • <i>Acknowledgment and appraisal of exploration by other parties.</i> 	<ul style="list-style-type: none"> • There is no evidence of historical drilling in the target area.
<i>Geology</i>	<ul style="list-style-type: none"> • <i>Deposit type, geological setting and style of mineralisation.</i> 	<ul style="list-style-type: none"> • The target area is situated in an area of extensive laterite cover east of the Mertondale shear zone. The geology

Criteria	JORC Code explanation	Commentary
		<p>is interpreted to comprise Archean gabbro, dolerite and basalt intruded by granitic rocks. Coarse, angular gold nuggets have been reported by prospectors active in the area to occur at shallow depth (20-30cm) within nodular lateritic duricrust. The source of the gold nuggets remains unclear at this stage.</p>
<p><i>Drill hole Information</i></p>	<ul style="list-style-type: none"> • <i>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:</i> <ul style="list-style-type: none"> ○ <i>easting and northing of the drill hole collar</i> ○ <i>elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar</i> ○ <i>dip and azimuth of the hole</i> ○ <i>down hole length and interception depth</i> ○ <i>hole length.</i> • <i>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.</i> 	<ul style="list-style-type: none"> • The location of the shallow vertical RAB holes (average depth 6m) is shown in a figure in the text.
<p><i>Data aggregation methods</i></p>	<ul style="list-style-type: none"> • <i>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.</i> • <i>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.</i> • <i>The assumptions used for any reporting of metal equivalent values should be clearly stated.</i> 	<ul style="list-style-type: none"> • No weighting or cutting of gold values, other than averaging of duplicate and repeat analyses.
<p><i>Relationship between mineralisation widths and intercept lengths</i></p>	<ul style="list-style-type: none"> • <i>These relationships are particularly important in the reporting of Exploration Results.</i> • <i>If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.</i> • <i>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’).</i> 	<ul style="list-style-type: none"> • Not applicable.
<p><i>Diagrams</i></p>	<ul style="list-style-type: none"> • <i>Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being</i> 	<ul style="list-style-type: none"> • Refer to text.

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	<p><i>reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.</i></p>	
<p><i>Balanced reporting</i></p>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Analytical results from the RAB drilling have been reported.
<p><i>Other substantive exploration data</i></p>	<ul style="list-style-type: none"> • <i>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.</i> 	<ul style="list-style-type: none"> • Results of a previously reported soil sampling by Magnetic Resources are shown in the text.
<p><i>Further work</i></p>	<ul style="list-style-type: none"> • <i>The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).</i> • <i>Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.</i> 	<ul style="list-style-type: none"> • Systematic sampling of the laterite cover along strike from the gold anomalies and occurrences, over a 2.5km strike length, followed by further RAB drilling to investigate the nature and extent of the gold occurrences in the laterite and to test for possible bedrock sources.