



magnetic resources<sup>™</sup>

ASX Release

ASX code: MAU

7 February 2017

Ground Floor  
22 Delhi Street  
West Perth WA 6005  
PO Box 1388  
West Perth WA 6872  
Telephone 08 9226 1777  
Facsimile: 08 9321 6571  
www.magres.com.au

ABN 34 121 370 232

### Acquisition of Five New Mertondale Gold Projects

After interpretation of a large 100m line spaced aeromagnetic survey five new projects have been acquired south of the recently granted Mertondale and Christmas Well tenements (Figure 1). The new tenements total 82 sq. km. and cover the southern extension of the Mertondale shear and include Nambi E37/1303 (27sq.km); Raeside E37/1304 (24 sq. km); Raeside East P37/8905-08 (7sq.km); Braiser P37/8909-12 (8sq.km); Trigg P37/8913-21 (16sq.km). The holding in the Leonora region has now been increased to 177 sq. km in a district known to host a number of significant gold deposits including Gwalia (7Moz), Mertondale (395,000oz), Cardinia (193,000oz) and Raeside (134,000oz).

The Mertondale shear is interpreted to pass through the Trigg Project (Figure 1) where there is a regional change in the orientation of the Mertondale structures from NS to SSE within this Project. The remaining Projects cover targets interpreted to be structurally controlled and parallel to the Keith-Kilkenny Lineament. Numerous dilational targets have been identified, some of which are similar in nature to interpreted structures in nearby historical workings. Also two intrusive style targets are present, one within the southern end of the Raeside tenement one on the western side of the Nambi Project.

The Raeside intrusive target is 1km x 1km in size and is prospective for Ni and Au. The adjacent larger circular intrusives have been investigated for Nickel historically. The Nambi intrusive is 750m x 600m in size and is located at the intersection of NS, NNE and NE structures. Previous work by Delta Gold Limited in February 2002 tested this anomaly with 21 shallow vertical RAB holes that only averaged 42m in depth. Delta's reports describe a strongly magnetic core with a magnetic aureole. The Nambi anomaly will be further investigated for Wallaby-style gold mineralisation using detailed ground magnetics, modelling and deeper drilling if required. All historical work is being compiled within these new projects prior to grant. Ground magnetic surveys and initial geochemical surveys are being planned.

**The Mertondale and Christmas Well Projects are now granted and POWs have been applied for over 27 interpreted structural targets, which are like the controls within the Mertondale gold deposits.** In addition, similar changes in structural orientation causing prospective dilational settings are commonly associated within many of the gold deposits in the Leonora-Laverton region. Historical geochemical surveys in the southern parts of the Mertondale Project are considered to have been ineffective because of the transported nature of the cover. A large RAB/air core geochemical sampling programme is planned to test these dilational targets following preliminary

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field inspections. Three intrusive targets identified in the northern part of the Mertondale Project will be also investigated.

George Sakalidis, Magnetic's Executive Director said that "there are a large number of significant dilational targets and three intrusive targets similar to Wallaby are ready to be tested within the newly granted Mertondale and Christmas well Projects. Given the ineffectiveness of some of the previous regional soil sampling these targets will be followed up with geological mapping, geochemical drilling and where appropriate deeper drilling."

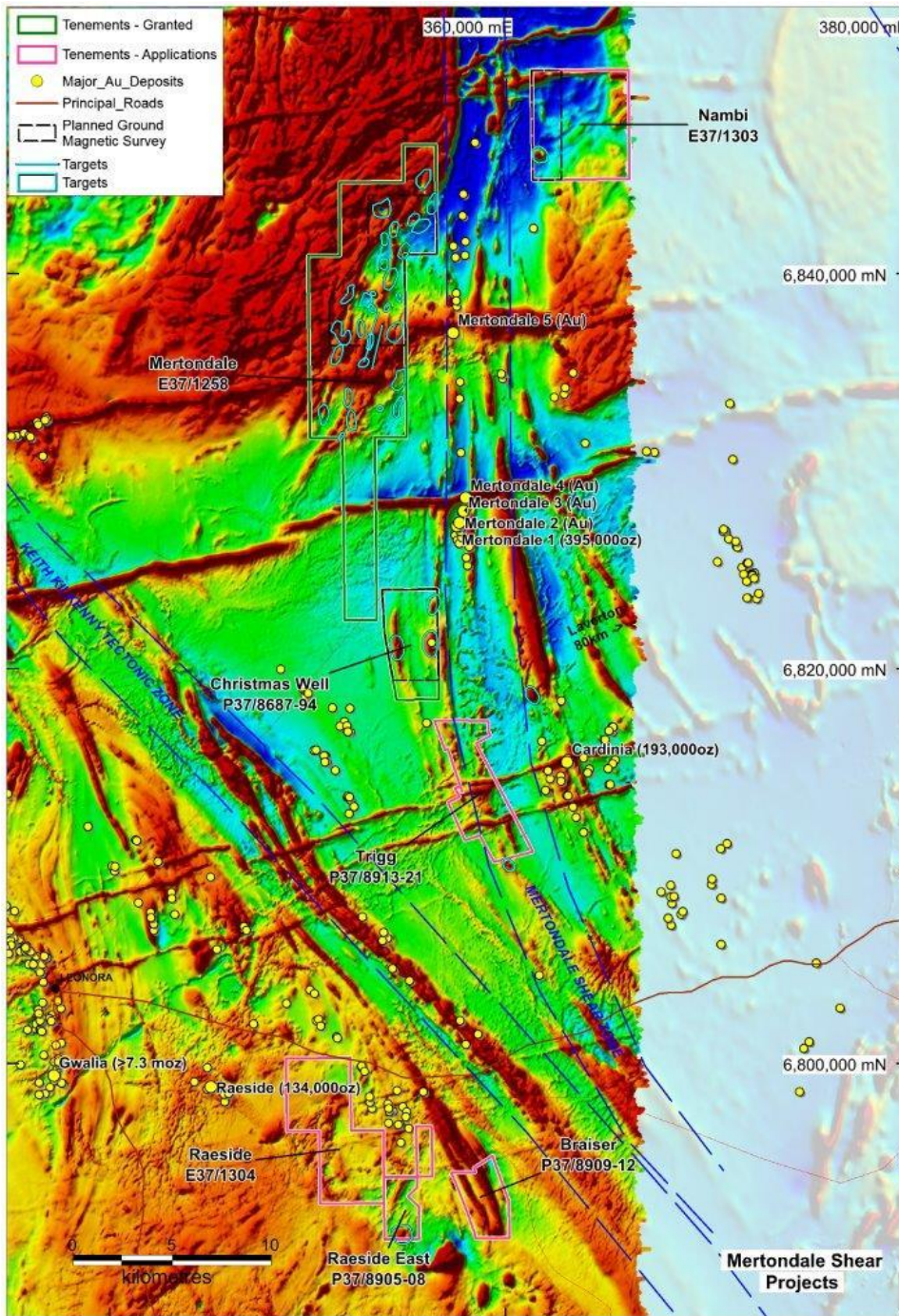


Figure 1 Mertondale, Christmas Well, Trigg, Raeside, Raeside East, Braiser and Nambi Projects. Showing major shear zones, targets and Gold deposits and historic workings.

## NEW TENEMENTS AND BACKGROUND

The Leonora-Laverton district is well endowed with world-class gold deposits. A regional study by the Company has so far identified a total of 10 Project areas totaling 375 sq. km (Fig.1) that have the potential to host large scale deposits. These tenements are within 50km of existing gold operations, opening the possibility for toll treating.

The Gold tenements now held by Magnetic include: Mt Jumbo E38/3100 and P38/4201 (17 sq.km); Mt Jumbo East P38/4317-24 (11.5sq.km); Mt Ajax E38/3209 (4sq.km); Kowtah P39/8694-8697 and P39/5617 (9 sq. km); Hawks Nest E38/3127 (144 sq. km); Hawks Nest East E38/3205 (11sq.km); Mertondale E37/1258 (81sqkm); Christmas Well P37/8687-8694 (14sq.km); Nambi E37/1303 (27sq.km); Raeside E37/1304 (24 sq. km); Raeside East P37/8905-08 (7sq.km); Braiser P37/8909-12 (8sq.km); Trigg P37/8913-21 (16sq.km).

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.

Many large deposits (Fig.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 on 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 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.

### **For further information, please contact:**

**George Sakalidis**

Executive Director

M+61411640337

[george@magres.com.au](mailto:george@magres.com.au)

### **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.