FOLLOW-UP DRILLING TO COMMENCE AT LADY ILSE; DEFINITION OF 5KM LONG REGIONAL SCALE TARGET

Highlights:

- RC drilling to follow-up exciting gold intercepts in aircore drilling at Lady Ilse will commence on 8/01/2018
- The RC program will test for extensions of the gold mineralisation to the east and at depth
- Re-processing of magnetic data has provided new insights into the potential controls for the Lady Ilse gold mineralisation
- Two targets similar to Lady Ilse have been defined up to 5.4km along strike to the south in a fault zone with little previous exploration
- This opens up a new target zone for exploration where further work is planned

**Magmatic Resources Limited** (ASX: MAG) is pleased to provide an update on the Lady Ilse porphyry-epithermal copper-gold target where exciting results were returned from the first aircore drilling program.

The aircore drilling intersected significant gold intercepts with five holes ending in gold mineralised zones. Encouragingly, the best gold intercepts also have elevated copper. The gold anomaly which has been defined is up to 150m wide and 300m long and is open to the east (Figures 1 & 2). Results include:

- 2m at 0.51g/t Au (COAC0006 from 3m BOH)
- 20m at 0.66g/t Au & 429ppm Cu (COAC0013 from 6m BOH) including:
  - 3m at 1.26g/t Au & 402pm Cu from 9m
  - 2m at 1.61g/t Au & 470ppm Cu from 24m BOH
- 8m at 0.19g/t Au & 358ppm Cu (COAC0012 from 15m BOH)
- 3m at 0.15g/t Au (COAC0014 from 27m BOH)
- 1m at 0.13g/t Au (COAC0029 from 30m BOH)

An RC drilling rig has been contracted to follow-up these exciting results with a 14 hole (1620m) program, which will commence on 8/01/2018. The RC program will test for extensions of the gold mineralisation to the east and at depth and has been guided by re-processing of high-resolution aeromagnetic data.

The processing has included magnetic vector amplitude (MVA) processing and 3D inversion modelling. MVA processing corrects for vector remanent magnetisation and locates the magnetic anomaly over its actual source. This work has provided new insights into the potential controls for the Lady Ilse gold mineralisation. MVA processing has shifted the magnetic anomaly at Lady Ilse approximately 100m to the east, adjacent to a 10km long north-south trending interpreted fault. Discrete MVA anomalies along this fault are interpreted to be diorite intrusions and the gold mineralisation is located within the fault zone.

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1 See MAG ASX release 13/11/2017
marginal to, or partly overlapping, the diorite. There are several targets similar to Lady Ilse along strike, with two that are located up to 5.4km to the south, being in areas with little previous exploration. Further work is planned for these two targets (Figure 3).

**Figure 1** – Lady Ilse aircore drilling gold anomaly showing significant gold intercepts for holes that ended in gold mineralisation and for previous hole ACWN011. Background image is MVA aeromagnetics.
Figure 2 – Lady Ilse drill section 6,408,300mN looking north showing previous shallow aircore holes with bottom of hole (BOH) gold intercepts, proposed RC holes (black), target areas (yellow) and MVA inversion model (coloured blocks) which shows the likely sub-surface distribution of diorite. The proposed RC holes are targeting gold mineralisation on the margin of the diorite.
Figure 3 – MVA magnetics showing anomalies (red ellipses) adjacent to interpreted fault (white) south of Lady Ilse.
Figure 4 – Location of Magmatic’s projects in the East Lachlan province showing major mines with metal endowments².

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About the Lady Ilse Prospect

The Lady Ilse prospect is part of the Wellington North Project and is located 12km north of Wellington on EL8357. This tenement was granted to Magmatic in 2014 to add to the six tenements acquired from Gold Fields. The Lady Ilse porphyry-epithermal target was identified based on integration of exploration data from previous explorers. Magmatic prioritised the target given:

- An opportunity to discover an alkalic epithermal or ‘pencil’ porphyry Au-Cu deposit, or a near surface vein hosted gold deposit;
- It is in an area of shallow cover which may hide surface mineralisation but can be explored with targeted shallow drilling;
- It is located in favourable host rocks of the Molong Volcanic Belt in the Macquarie Arc, which is host to the giant Cadia Valley copper-gold deposits (Figure 4); and
- It was an untested single point aircore gold anomaly with no previous RC or diamond drill testing.

About Wellington North Project

Wellington North is in the northern part of the Molong Volcanic Belt of the Macquarie Arc (Figure 4) which hosts the Cadia Valley porphyry copper-gold deposit (10Mt Cu and 52Moz Au). The Wellington North project area is prospective for lode gold and porphyry copper-gold deposits. Magmatic has identified multiple targets including Bodangora where historical production from the vein-hosted gold deposits at Dicks Reward and Mitchells Creek was 230k oz of gold at a gold grade of 26g/t Au³. Previous drilling also intersected porphyry-style copper-gold mineralisation at Rose Hill, which included an intercept of 71m @ 0.3g/t Au, 0.43% Cu & 57ppm Mo from surface¹.

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² Endowment = production + resource current to January 2017
³ See MAG prospectus ASX release 17/05/2017
About Magmatic Resources
Magmatic Resources Ltd (ASX: MAG) is a NSW-focused gold, copper and other base metals explorer that listed on the ASX in May 2017. The Company’s portfolio consists of four 100% owned projects Myall, Moorefield, Wellington North and Parkes (joint venture with JOGMEC) comprising eight tenements (1049km²) in the East Lachlan province in central NSW. This Province is host to major copper-gold mining operations within the Ordovician Macquarie Arc (Figure 4) with significant metal endowments\(^4\) such as Cadia (52Moz Au & 9.2Mt Cu), Cowal (7.8Moz Au) and Northparkes (4Moz Au & 3.7Mt Cu). Other advanced projects include McPhillamys (2.2Moz Au), Marsden (1.2Moz Au & 0.68Mt Cu), Temora (1.8Moz Au & 0.43Mt Cu), Copper Hill (0.48Moz Au & 0.16Mt Cu) and Tomingley (0.76Moz Au). The portfolio was acquired from Gold Fields Australasia Pty Ltd (Gold Fields – world’s 7\(^{th}\) largest gold miner) in 2016 and is prospective for porphyry copper-gold, epithermal and orogenic gold deposits and skarn and VHMS base metals ± gold deposits. Gold Fields spent over $13.5m exploring the projects and identified over 40 prospects (see Magmatic Prospect Pipeline) and retains a significant shareholding in the Company. Magmatic has multiple exploration programs planned in the next 12 months across its 4 projects.

Legend
Underlined: September Quarter Exploration
Blue: December Quarter Exploration

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Competent Persons Statement:
The information in this document that relates to Exploration Results, Mineral Resources or Ore Reserves is based on information compiled by Mr Gordon Barnes who is a Member of the Australian Institute of Geoscientists. Mr Barnes is a full-time employee of Magmatic Resources Limited and 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”. Mr Gordon Barnes consents to the inclusion in the report of the matters based on his information in the form and context in which it appears.

\(^4\) Endowment = production + resource current to January 2017