



M A G M A T I C
R E S O U R C E S

7 August 2019

Attention Chris Hesford
Geologist, Listings Compliance (Perth)
ASX Compliance Pty Ltd
Level 40, Central Park,
152-158 St Georges Terrace
Perth WA 6000

ASX Enquiry Magmatic Resources Ltd (“MAG”): Appendix 5B 05 August 2019

Thank you for your letter dated 05 August 2019 via email with queries in relation to the cashflow and additional funding needed to continue the activities of Magmatic Resources Limited (**MAG**).

Query 1. Future Negative Operating Cashflows

MAG confirms its primary business is resource exploration and development, and not currently having a project generating positive cashflow, the Company will continue to have negative operating cash flows for the foreseeable future.

Query 2. Future capital raising

On the 7th June MAG announced the demerger of its New South Wales based assets and the acquisition of 3 new gold projects in Western Australia.

MAG has received written confirmation from ASX that Chapter 11 of the Listing Rules will not apply to the proposed demerger and acquisition.

As outlined in our 26 May 2017 ASX Release, MAG has a 3 year \$3,000,000 earn-in Joint Venture with Japan Oil, Gas and Metals National Corporation (JOGMEC) which has \$300,000 cash call still available.

MAG has the capacity to raise capital under the Listing Rules and intends to do so before the end of the Quarter.

Two MAG Directors have provided access to loans to the company should they be needed.

The MAG board recently received an offer of a \$2,000,000 cash injection into the company, however at the time it believed the above-mentioned capital raising offered better shareholder value. This \$2,000,000 offer can be revisited should the shareholder approval not be received as expected.

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MAGMATIC RESOURCES

Query 3. Commitment to continuing its operations and business objectives

MAG believes that it will be able to continue its operations and meet its business objectives pursuant to the response, to Query 2, to advance exploration activities on its existing and new exploration licences.

Query 4. Compliance with Listing Rule 12.2

MAG confirms that to the best of its knowledge, it is in compliance with Listing Rule 12.2 and that there is not any information about its financial condition that should be provided to the ASX in accordance with that rule that has not already been released to the market.

Query 5. Compliance with Listing Rule 3.1

MAG confirms that to the best of its knowledge, it is in compliance with Listing Rule 3.1 and that there is not any information about its financial condition that should be provided to the ASX in accordance with that rule that has not already been released to the market.

Query 6. Board approval and compliance with published continuous disclosure policy.

MAG confirms that its responses to the questions above have been authorised and approved by David Richardson, Managing Director of MAG, with delegated authority from the MAG Board to respond to the ASX on the disclosed matters.

For more information, please contact the Company Secretary or Managing Director on 08 9322 6009 or infor@magmaticresources.com

Yours Sincerely,

Mr David Berrie
Company Secretary
Director



05 August 2019

Mr David Berrie

Company Secretary
Magmatic Resources Ltd
Suite 8, 1297 Hay Street
West Perth WA 6005

By email: info@magmaticresources.com

Dear Mr Berrie

Magmatic Resources Ltd (“MAG”): Appendix 5B Query

I refer to MAG’s Appendix 5B quarterly report for the period ended 30 June 2019 lodged with ASX Market Announcements Platform on 31 July 2019 (the “Appendix 5B”).

ASX notes that MAG has reported:

- negative net operating cash flows for the quarter of \$401,000;
- cash at the end of the quarter of \$234,000; and,
- estimated cash outflows for the next quarter of \$857,000.

It is possible to conclude, based on the information in the Appendix 5B that if MAG were to continue to expend cash at the rate indicated by the Appendix 5B, MAG may not have sufficient cash to continue funding its operations. In view of that, ASX asks MAG to respond separately to each of the following questions and requests for information:

1. Does MAG expect that it will continue to have negative operating cash flows for the time being and, if not, why not?
2. Has MAG taken any steps, or does it propose to take any steps, to raise further cash to fund its operations and, if so, what are those steps and how likely does it believe that they will be successful?
3. Does MAG expect to be able to continue its operations and to meet its business objectives and, if so, on what basis?
4. Please provide any other information that MAG considers may be relevant to ASX forming an opinion on whether MAG is in compliance with Listing Rule 12.2 (a listed entity’s financial condition must, in ASX’s opinion, be adequate to warrant the continued quotation of its securities and its continued listing).
5. Please confirm that MAG is in compliance with Listing Rule 3.1 and that there is no information about its financial condition that should be given to ASX in accordance with that Rule that has not already been released to the market.
6. Please confirm that MAG’s responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of MAG with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under, and in accordance with Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than **5:00 pm AWST on Wednesday 7 August 2019**. If we do not have your response by then, ASX will have no choice but to consider suspending trading in MAG's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, MAG's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at chris.hesford@asx.com.au and to tradinghaltspert@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

In responding to this letter, you should have regard to MAG's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

It should be noted that MAG's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in MAG's securities under Listing Rule 17.1.

If you wish to request a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Kind regards

[Sent electronically without signature]

Chris Hesford
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