Alkane’s discoveries highlight Magmatic’s East Lachlan projects

Highlights

- Alkane have made two recent discoveries in the East Lachlan: Boda at their Northern Molong Porphyry Project (NMPP) and south of their Tomingley Gold Mine.
- Alkane released exploration results (9/9/2019): “Discovery of Significant Porphyry Gold-Copper Mineralisation at Boda prospect within Northern Molong Porphyry Project (NSW)”
- Alkane also released exploration results (9/7/2019) from south of Tomingley: “Significant Exploration Target Defined at Tomingley”
- Both of these projects are very close to Magmatic’s projects with the significant Boda discovery being 2km from our Bodangora licence.
- The implications are discussed in this release.

Magmatic Resources Limited (“Magmatic” or the “Company”) (ASX: MAG) would like to update the market with the results from Alkane’s exploration results which are very close to two of Magmatic’s four East Lachlan exploration projects.

Managing Director David Richardson said: “We are very excited by Alkane’s recent discoveries and their results underpin our decision on becoming an East Lachlan explorer. Alkane’s discovery at Boda is particularly significant for our Wellington North project with our three licences abutting Alkane’s discovery licence (see Figure 1 and 2), and our Bodangora licence only ~2km away to the southeast.”

Alkane ASX release: (ASX ALK 9/9/2019)

“Discovery of Significant Porphyry Gold-Copper Mineralisation at Boda prospect within Northern Molong Porphyry Project (NSW)”

- KSSDD003 502m @ 0.48 g/t gold, 0.20% copper from 211m
- incl 313m @ 0.62 g/t gold, 0.17% copper from 228m
- incl 12m @ 3.28g/t gold, 0.67% copper from 419m
- and 35.8m @ 0.21g/t gold, 0.49% copper from 735m to EOH

Alkane stated that they: “can see clear evidence of Cadia-style mineralisation and grade over hundreds of metres”, and also that they are: “immediately prioritizing follow up drilling, seeking to determine the scale of this highly encouraging discovery”.

Implications for Magmatic

Magmatic hold three licences (EL6178, EL7440, and EL8357) at their Wellington North Project as shown in Figure 1 and 2 which cover an area of 176km² and abut Alkane’s licence EL4022 to the southwest and northeast. Magmatic hold a large portion of the northern section of the Molong Volcanic Belt and have been exploring for porphyry copper gold, as well as gold deposits and identified gold mineralisation at Lady Ilse (22m at 0.54 g/t Au) and copper gold mineralisation at Rose Hill (71m at 0.3 g/t Au and 0.43% Cu). Both of these
prospects are considered possible porphyry targets with further work required. Magmatic’s Wellington North ground position also covers the historic Bodangora Mines with 230koz Au mined at ~26 g/t Au (Intercepts and gold production from MAG prospectus (17/5/2017) and MAG ASX release (19/2/2018)).

Alkane ASX release: (ASX ALK 9/7/2019)

“Significant Exploration Target Defined at Tomingley”

Alkane has identified three new prospects south of their Tomingley Gold Operations:

• (ASX: ALK 1/2/2019): Roswell – 39m at 4.49 g/t Au – open
• (ASX: ALK 29/3/2019): San Antonio – 39m at 6.09 g/t Au – open
• (ASX: ALK 17/5/2019): El Paso – 21m at 2.4, 12m at 4.99 – open

The results of their work, and on-going drilling, has allowed Alkane to identify a Significant Exploration Target at Tomingley with a tonnage estimate of between 15.8 – 23.8Mt and grade between 1.7 – 2.2 g/t Au at a reporting cut-off of between 0.2 – 0.5 g/t Au. Magmatic would like to stress that Alkane stated about their Exploration Target:

“The potential quantity and grade of the (Alkane’s) Exploration Target is conceptual in nature and therefore is an approximation. There has been insufficient exploration to estimate a Mineral Resource and it is uncertain if further exploration will result in the estimation of a Mineral Resource. The (Alkane’s) Exploration Target has been prepared and reported in accordance with the 2012 edition of the JORC Code.”

Alkane’s most recent release (ASX: ALK 12/8/2019) from San Antonio prospect included RC results such as
36m at 5.09 g/t Au from 30m and 39m at 3.59 g/t Au from 75m and a diamond drilling result of 9.7m at 8.01 g/t Au from 215.3m.

These discoveries have all been made under transported cover sequences varying from 30-50m depth and so would be considered blind deposits.

Implications for Magmatic

Magmatic hold two licences at our Parkes JV Project as shown in Figure 1 which cover an area of 151km² and are ~30km south of Alkane’s Peak Hill and Tomingley mines along the Parkes Fault Zone, and 20km from the Northparkes Mine (3.8Moz Au, 3.4Mt Cu). Magmatic believe that the results of Alkane’s drilling results from Tomingley significantly upgrades and re-rates the gold potential along the Parkes Fault Zone. Tomingley Gold Mine has a current total contained gold content of ~800k ounces of gold, but with their newly announced Exploration Target, that is likely to increase and may extend Alkane’s Tomingley Gold Mine life.

Magmatic’s targets are relatively underexplored and include some shallow transported cover sequences similar to those found at the Tomingley Gold Mine.

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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 Steven Oxenburgh who is a Member of the AusIMM (CP) and a Member of the Australian Institute of Geoscientists. Mr Oxenburgh 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 Oxenburgh consents to the inclusion in the report of the matters based on his information in the form and context in which it appears. Additionally, Mr Oxenburgh confirms that the entity is not aware of any new information or data that materially affects the information contained in the ASX releases referred to in this report.

![Figure 1: Location of Alkane's discoveries relative to Magmatic's licences](image-url)
Figure 2: Wellington North project showing proximity to Alkane’s Boda discovery

Alkane EL4022

Alkane’s Boda intercept: 502m at 0.48g/t Au 0.20% Cu

Bodangara Mines cumulative production 230k oz Au @ ~26g/t Au