RC drilling discovers 2km long mineralised gold trend at MacGregors prospect

Joint venture partner JOGMEC (Japanese government resources agency) agrees to expand first year exploration budget from $1m to $1.35m

Highlights

- **RC drilling programme completed at MacGregors and MacGregors South orogenic gold targets on Magmatic's Parkes JV**
- **Structural interpretation showed previous explorer's drilling may not have been in the best orientation**
- **2km gold trend identified within Parkes Fault Zone**
- **The best results at MacGregors include:**
  - ✓ **10m at 1.25g/t Au (PERC021, from 146m)**
  - ✓ **15m at 0.74 g/t Au (PERC022 from 108m)**
- **The best results at MacGregors South include:**
  - ✓ **5m at 0.71g/t Au (PERC013, from surface)**
  - ✓ **2m at 1.47g/t Au (PERC014, from 30m)**
- **JV with JOGMEC commenced in March 2017. First year exploration budget for year end 20 March 2018. JOGMEC agreed to increase this by $350k to accelerate exploration programs.**

Magmatic Resources Limited (ASX:MAG) is pleased to announce that an RC drilling programme at MacGregors and MacGregors South at our Parkes JV Project has been completed and identified a 2km mineralised gold trend at higher grades than previous exploration.

Managing Director David Richardson said: '*These results follow our successful drilling at the Lady Ilse 10km copper-gold trend and Boxdale-Carlisle Reefs 15km gold trend. These results give Magmatic 3 significant gold projects, with follow up work programs planned for the next quarter*.'

The Parkes JV is a Joint Venture with the Japanese government resource agency Japan Oil, Gas and Metals National Corporation (JOGMEC). After a successful initial exploration programme, JOGMEC agreed to expand first year exploration from $1m to $1.35m. This enabled completion of the MacGregors – MacGregors South drill programme and a diamond drilling programme at Alectown (awaiting assays).

The Parkes JV is prospective for orogenic gold, porphyry copper-gold, and polymetallic skarn mineralisation. The JV project is 25km southeast of the Northparkes mine (4Moz Au and 3.7Mt

Cu[1]). Previous drilling at MacGregors intersected orogenic gold mineralisation which included an intercept of 19m at 0.63g/t Au from 95m[2]. The just completed RC drilling program targeted the MacGregors and MacGregors South orogenic gold targets, located 10km north of Parkes in the East Lachlan, NSW.

Previous drilling at MacGregors identified gold associated with sericite-pyrite and quartz veins. The previous diamond drill hole (by Gold Fields in 2011) was re-assessed structurally. The new interpretation showed the drilling may have been poorly oriented (270° azimuth) with respect to higher grade mineralisation and drilling was re-orientated to 320° to better target potential high-grade structures. MacGregors South is targeting gold – arsenic anomalies from previous auger drilling. 23 RC holes were completed for 1918m.

MacGregors and MacGregors South – 2km gold trend

MacGregors and MacGregors South are orogenic gold targets to the east of the Parkes Fault Zone in a similar setting to the 0.76Moz Au[3] Tomingley deposit (Figure 2). The mineralisation located in sericite-altered fine-grained metasediments and volcaniclastics rocks. It is characterised by east dipping quartz-carbonate-sulphide veins within a halo of disseminated arsenopyrite. Gold correlates with arsenic auger anomalies.

MacGregors

Three deep RC (198m) holes at MacGregors tested mineralisation intersected in previous Gold Fields drilling (e.g. 19m at 0.63g/t Au in MGD002 from 95m, including 1m at 5.75 g/t Au). Drilling intersected best intercepts of:

- **10m at 1.25 g/t Au (PERC021, from 146m), within a broader zone of 19m at 0.8 g/t Au**
- **15m at 0.74 g/t Au (PERC022, from 108m), within a broader zone of 30m at 0.57 g/t Au**
- **4m at 1.29 g/t Au (PERC023, from 136m)**

MacGregors South

20 RC holes (1258m) targeted an elongate NNE-trending arsenic and gold anomaly identified in previous auger drilling and a recent hand-portable pXRF programme. The anomaly is adjacent to magnetic high zone within Forbes Group metasediments (slates and lithic sandstone) which is interpreted to be a regional scale fault: the Parkes Fault Zone. Best results were:

- **5m at 0.71g/t Au (PERC013, from surface)**
- **2m at 1.47g/t Au (PERC014, from 30m)**

[1] Endowment = production + resource current to January 2017
[2] Magmatic Resources 2017 prospectus
[3] Resource + production current to January 2017

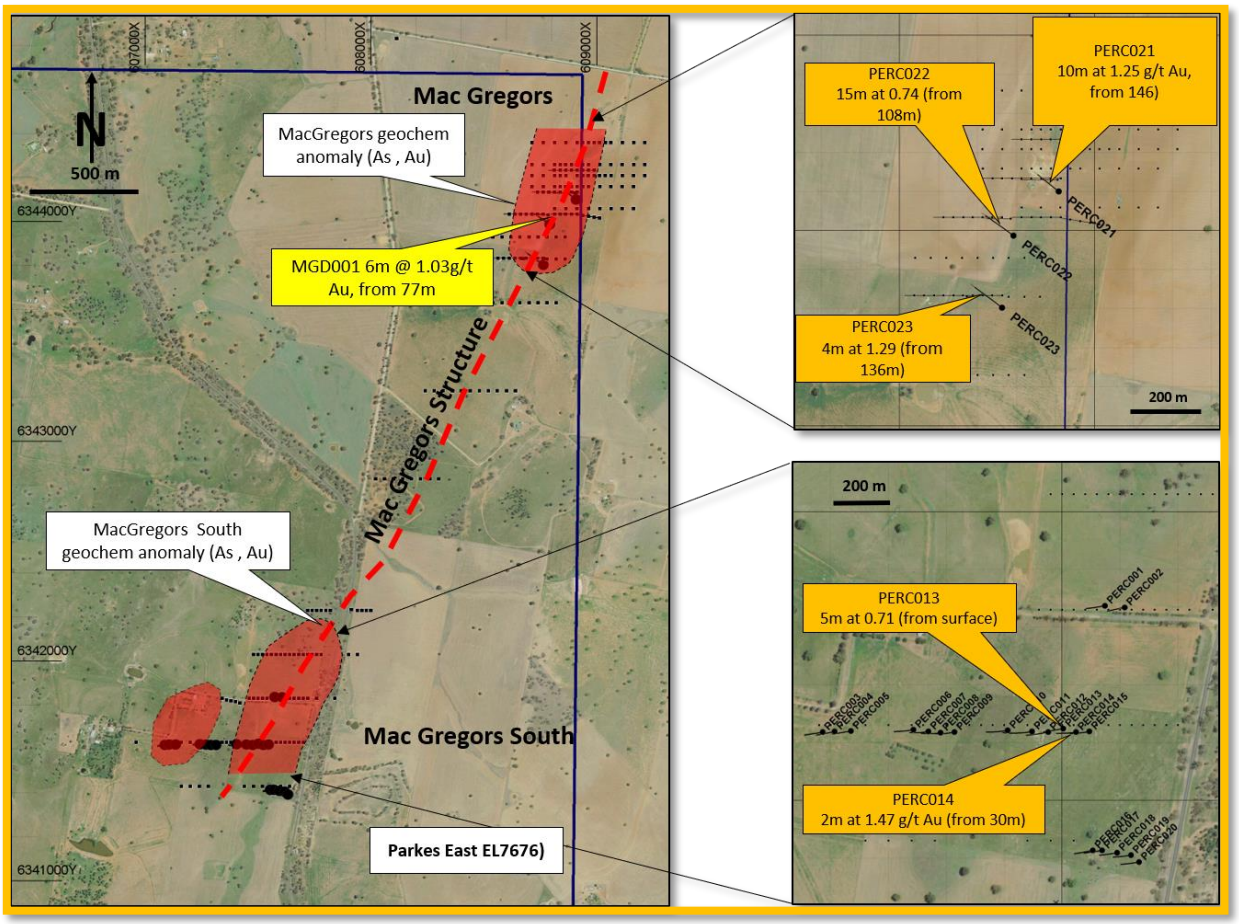

Figure 1. MacGregor and MacGregor South Prospect with outlines of geochemical anomalies (Au, As) and recent RC drilling.

About Parkes JV

The Parkes project includes two exploration licences northwest of Parkes (Alectown EL7424 and Parkes East EL7676), covering 159 km^2 (Figure 1). The project is within Junee-Narromine Volcanic belt of the Ordovician Macquarie Arc, which hosts porphyry copper-gold deposits at Northparkes and Temora as well as the Cowal low-sulphation epithermal gold deposit. It is within structurally prominent stratigraphy east of Northparkes Cu-Au porphyry deposit, and along the strike from Tomingley Gold Mine and Peak Hill.

Magmatic has identified several targets including the MacGregors structurally hosted (orogenic) gold target similar to Tomingley mineralisation, and porphyry Cu-Au targets similar to Northparkes.

The Company entered a joint venture with Japan, Oil, Gas and Metals National Corporation (JOGMEC), on 30th March 2017, whereby JOGMEC can earn up to 51% interest in the project by funding up to AUD $3M of exploration expenditure over three years. Magmatic Resources Ltd acts as operator of the project on behalf of the parties during the JV until JOGMEC becomes a majority owner at which point JOGMEC has the option to appoint the Operator. JOGMEC has a right to assign its interest in agreement to Japanese company.

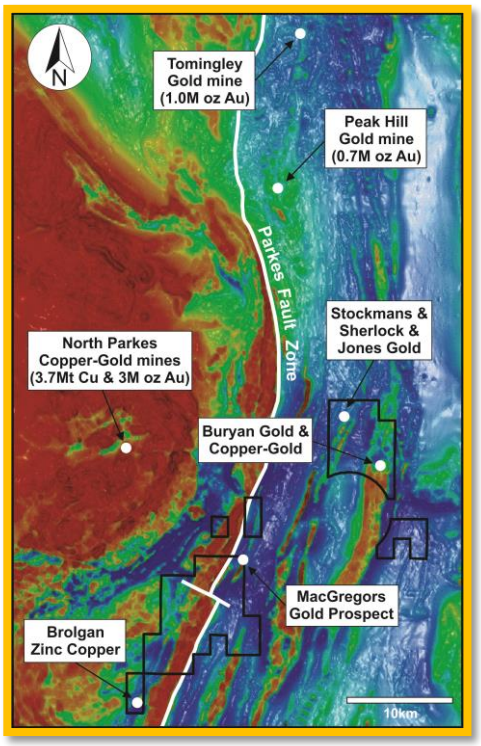

Figure 2: Parkes Project and MacGregors location over aeromagnetic (RTP) image.

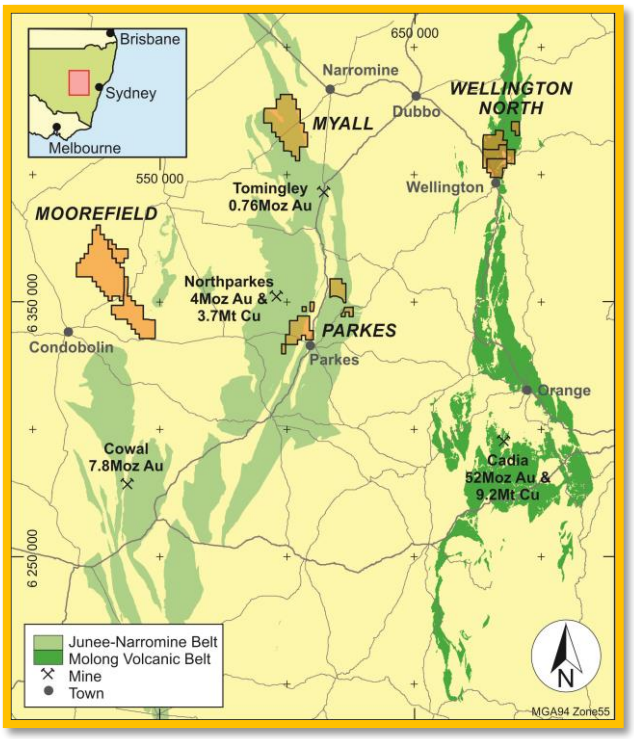

Figure 3 Magmatic's East Lachlan project location plan.

The first year AUD $1M (increased to $1.35M) exploration programme commenced in March 2017 with re-processing and modelling of geophysical data, a soil sampling programme, building a geological model to assist in target generation at Alectown (El7424), drilling at Brolgan to test Cu-Au skarn target; drilling at MacGregors and MacGregors South to test for orogenic gold; drilling at Buryan to test for extension of mineralisation in porphyry Cu-Au-Mo. A high resolution airborne magnetic survey is planned.

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About Magmatic Resources

Magmatic Resources Ltd (ASX: MAG) is an Australian 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 (1049km^2) in the East Lachlan province in central NSW. This Province is host to major copper-gold mining operations within the Ordovician Macquarie Arc (Figure 3) 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 & 0.68MtCu), 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 (world's 7th largest gold miner) in 2016 and is prospective for porphyry gold-copper, epithermal and orogenic gold deposits and skarn and VHMS base metals ± gold deposits. Gold Fields spent over

[4] Endowment = production + resource current to January 2017

$13.5m exploring the projects and identified over 40 prospects and retains a 20% shareholding in the Company. Magmatic is focussed on advancing priority, near surface gold prospects, while joint venturing its larger gold-copper porphyry projects.

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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.

Table 1. MacGregors and MacGregors South drill collars

Hole_ID	Hole Type	Depth (m)	East_GDA94 Zone 55	North_GDA94 Zone 55	RL	Azimuth	Dip
PERC001	RC	60	607574	6341837	369	270	-60
PERC002	RC	58	607608	6341834	369	270	-60
PERC003	RC	60	607086	6341618	369	270	-60
PERC004	RC	60	607107	6341619	369	270	-60
PERC005	RC	60	607135	6341620	369	270	-60
PERC006	RC	60	607243	6341622	369	270	-60
PERC007	RC	60	607269	6341619	369	270	-60
PERC008	RC	60	607290	6341617	369	270	-60
PERC009	RC	60	607314	6341618	369	270	-60
PERC010	RC	66	607406	6341621	375	270	-60
PERC011	RC	84	607448	6341619	376	270	-60
PERC012	RC	72	607476	6341618	376	270	-60
PERC013	RC	66	607502	6341624	376	270	-60
PERC014	RC	66	607524	6341618	376	270	-60
PERC015	RC	66	607547	6341619	376	270	-60
PERC016	RC	60	607553	6341413	372	270	-60
PERC017	RC	60	607569	6341413	372	270	-60
PERC018	RC	60	607595	6341409	372	270	-60
PERC019	RC	60	607619	6341405	371	270	-60
PERC020	RC	60	607633	6341393	371	270	-60
PERC021	RC	198	608908	6344100	354	320	-60
PERC022	RC	198	608792	6343987	357	320	-60
PERC023	RC	198	608763	6343802	355	320	-60

Table 2. MacGregors and MacGregors South significant results (cut-off 0.50 g/t Au, maximum 2m internal waste)

Hole_ID	East_GDA94 Zone 55	North_GDA94 Zone 55	Depth (m)	From (m)	Interval (m)	Au grade g/t
PERC011	607448	6431619	84	0	2	0.56
PERC012	607476	6431618	72	14	2	0.53
PERC013	607502	6431624	66	0	5	0.71
PERC014	607524	6341618	66	30	2	1.47
and				36	1	0.58
PERC021	608908	6344100	198	76	2	1.00
and				91	1	0.51
and				102	1	0.98
and				109	1	0.66
and				113	1	0.52
and				119	1	0.52
and				126	2	0.85
and				131	1	0.68
and				146	10	1.25
and				160	1	0.64
PERC022	608792	6343987	198	94	1	0.59
and				100	5	0.63
and				108	15	0.74
PERC023	608763	6343802	198	54	2	0.57
and				78	2	0.56
and				136	4	1.29

Appendix I – JORC Code, 2012 Edition – Table 1

Section 1 Sampling Techniques and Data: Parkes East Project, MacGregor and MacGregor South prospect

Criteria	JORC Code explanation	Commentary
Sampling techniques	*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.*	Samples were collected via RC drilling methods. Samples were mostly dry and sample loss was minimal. Submitted sample weights varied between 0.18 and 6.6 kilograms, depending on average sample density. The average sample weight was 2.5 kilograms. This data was recorded in the database for each sample. Lower weights were associated with hole collars.
	Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used.	The samples are considered to effectively represent the gold -bearing mineral system present at the MacGregors and MacGregors South. The samples represent continuous sampling down the drill string at 2m nominal intervals. Mineralized intersections were resampled on 1m intervals using raffle splitter.
	Aspects of the determination of mineralisation that are Material to the Public Report. *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.*	Samples were transported to SGS West Wyalong for preparation and assay. Assay standard, blanks and duplicates were analysed as part of the standard laboratory analytical procedures. Company standards were also introduced into the sampling stream at a nominal ratio of 1 standard for every 30 unknown samples. Samples were crushed to 70% nominal -6mm and pulverized where up to 85% was less than 75 microns. Samples were then homogenized by light pulverizing. Quality control testing on pulverizing efficiency was conducted on random samples. Gold was analysed using a 50g sample via fire assay with AAS finish, (Method Au – FAA505) with a detection level of 0.01 ppm. A further 58 elements were analysed from a 0.2g charge which was dissolved using a four-acid digest with ICPAES/MS finish (Method DIG40Q – ICP40Q – IMS40Q).
Drilling techniques	*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).*	Mc Gregor and MacGregor South drilling program include 23 RC holes in total of 1,918m. Drill hole depth range from 58m to 198mRC drilling methods using 3 ½ inch drill rods and a 4-inch face sampling hammer.
Drill sample recovery	*Method of recording and assessing core and chip sample recoveries and results assessed.*	Sample recovery was assessed visually via average sample size collected in semi-transparent plastic sample bags. The outside return was also monitored to ensure minimal sample loss was occurring.
	Measures taken to maximise sample recovery and ensure representative nature of the samples.	Sample sizes were monitored and the cyclone was agitated after every metre to reduce the potential for sample contamination.
	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.	Sample loss was minimal and therefore no preferential sample bias was inferred.

Criteria	JORC Code explanation	Commentary
Logging	*Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.*	During drill chips logging following data were recorded: • Weathering intensity; • Rock color; • Host rock and alteration types; • Amount and mode of occurrence of any visible sulfide minerals No geotechnical logging was required.
	Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc) photography.	Drill chips were logged as both qualitative (descriptive) and quantitative (percentage volume visual estimates) by project geologist during drilling
	The total length and percentage of the relevant intersections logged.	Drill chips from RC drilling program had been logged 100%.
Sub-sampling techniques and sample preparation	*If core, whether cut or sawn and whether quarter, half or all core taken.*	N/A
	If non-core, whether riffled, tube sampled, rotary split, etc and whether sampled wet or dry.	RC samples were riffle split when dry as per industry standard. There were no wet samples recorded.
	For all sample types, the nature, quality and appropriateness of the sample preparation technique.	Samples were crushed to 70% nominal -6mm and pulverized where up to 85% of the sample was less than 75 microns. Samples were then homogenized by light pulverizing. The pulverizing and homogenizing was sufficient to ensure a representative sample was analysed.
	Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples.	Quality control testing on pulverizing efficiency was conducted on random samples to ensure a representative portion of sample was utilized in each analysis.
	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.	Sample composites representative of the entire sample were collected for submission to the laboratory.
	Whether sample sizes are appropriate to the grain size of the material being sampled.	Sample sizes were sufficiently large to sample a good representation of the local geology relative to recovered average grain size
Quality of assay data and laboratory tests	*The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total.*	Standard assay procedures performed by a reputable assay laboratory were undertaken. Samples were crushed to 70% nominal -6mm and pulverized where up to 85% was less than 75 microns. Samples were then homogenized by light pulverizing. Quality control testing on pulverizing efficiency was conducted on random samples. Gold was analysed using a 50g sample via fire assay with AAS finish, (Method Au – FAA505) with a detection level of 0.01 ppm. A further 58 elements were analysed from a 0.2g charge which was dissolved using a four-acid digest with ICPAES/MS finish (Method DIG40Q – ICP40Q – IMS40Q).
	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.	N/A

Criteria	JORC Code explanation	Commentary
	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.	Appropriate standards and duplicates were inserted into the sampling stream by the laboratory for quality control purposes. External standards were submitted by the company at a nominal ratio of one standard per 30 samples.
Verification of sampling and assaying	*The verification of significant intersections by either independent or alternative company personnel.*	Initial internal verification of significant intersections was conducted by project geologist Evan Ross and geological consultant Dr Vladimir David (RPGeo).
	The use of twinned holes.	N/A
	Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols.	Sample data was recorded on a standard sample ledger sheet and transferred to digital format. Digital sample ledgers were emailed and transferred to secure servers. Data was plotted using GIS software against detailed aerial photography to ensure accuracy of the recorded locational data. Data was verified by the project geologist.
	Discuss any adjustment to assay data.	Assay data was not adjusted.
Location of data points	*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 estimation.*	Drill holes were located using a hand-held GPS to ±5m precision.
	Specification of the grid system used.	All coordinates are based on Map Grid of Australia 1994 Zone 55.
	Quality and adequacy of topographic control.	Topographic control is maintained by use of widely available government datasets. Ground is flat and a nominal approximate RL was used.
Data spacing and distribution	*Data spacing for reporting of Exploration Results.*	Drill holes were preferentially located in prospective areas.
	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.	The mineralised areas are yet to demonstrate sufficient grade or continuity to support the definition of a Mineral Resource and the classifications applied under the 2012 JORC code.
	Whether sample compositing has been applied.	The samples represent continuous sampling down the drill string at 2m nominal intervals. Mineralized intersections were resampled on 1m intervals using raffle splitter.
Orientation of data in relation to geological structure	*Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.*	The north to north-east mineralization trend is interpreted from previous drilling, soil sampling and from geophysical imagery. Any sampling bias is unknown, but target structures are thought to be steep, so bias is expected to be minimal. Hole details are in body of release
	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.	Relationship between the drilling orientation and the orientation of key mineralised structures is not considered to have introduced a sampling bias.
Sample security	*The measures taken to ensure sample security.*	Samples were placed in tied calico bags with unique sample numbers. Samples were taken directly to the SGS laboratory every 2 days in 250 sample batches. The samples were considered to be secure to industry standard.
Audits or reviews	*The results of any audits or reviews of sampling techniques and data.*	No audits or reviews have been conducted at this stage.

Section 2 Reporting of Exploration Results

Criteria	JORC Code explanation	Commentary
Mineral tenement and land tenure status	*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.* *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.*	EL7676 Parkes East is located immediately northwest of Parkes, NSW and covers 33 graticular units with an area of 95km^2. The authority is granted by Modelling Resources and renewed until 5/01/2021. Parkes East EL7676 is part of a joint venture with JOGMEC that is managed by Modeling's parent company, Magmatic Resources Ltd. Under the terms of the agreement, JOGMEC will fund $3m AUD for exploration over 3 years to earn a 51% interest in the tenements
Exploration done by other parties	*Acknowledgment and appraisal of exploration by other parties.*	No other parties where involved in the planning and execution of the drilling program. Previous work has been acknowledged where appropriate, however it can be summarized into: • **Gold Fields Ltd** (2013) – EL7676 - MacGregors (soil sampling and RC and DD drilling); • **Sipa Exploration NL** (1997) - MacGregors – 1997 – RC drilling (43 holes in total of 2,223m); • **Clancy Exploration** (2008) - EL6537- Brolgan – 2008 • **BHP Gold Mines Ltd** (1990) - EL2269 - Mt Morgan and Nibblers Hill (REF: 1995/291)
Geology	*Deposit type, geological setting and style of mineralisation.*	The target mineral system is an orogenic gold deposit similar to the Tomingley deposit .
Drill hole Information	*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:* • *easting and northing of the drill hole collar* • *elevation or RL (Reduced Level – elevation above sea level in metres) of the drill hole collar* • *dip and azimuth of the hole* • *down hole length and interception depth* • *hole length.*	See tables in main body of announcement for drilling results.
	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.	Non-significant assay values were not individually reported.

Criteria	JORC Code explanation	Commentary
Data aggregation methods	*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.*	Gold intersections, with minimum cut-offs, have been calculated and are reported in the body of the report.
	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.	N/A
	The assumptions used for any reporting of metal equivalent values should be clearly stated.	No metal equivalent values employed in this report.
Relationship between mineralisation widths and intercept lengths	*These relationships are particularly important in the reporting of Exploration Results.*	
	If the geometry of the mineralisation with respect to the drill hole angle is known, its nature should be reported.	Unknown, but assumed to be sub-vertical with north to north-east strike.
	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').	All down-hole lengths reported, true width is not known
Diagrams	*Appropriate maps and sections (with scales) and tabulations of intercepts should be included for any significant discovery being reported These should include, but not be limited to a plan view of drill hole collar locations and appropriate sectional views.*	See figures in body of report for drill hole locations.
Balanced reporting	*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.*	All drilling results have been reported.
Other substantive exploration data	*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.*	All available exploration data relevant to this report has been provided. See body of report.
Further work	*The nature and scale of planned further work (eg tests for lateral extensions or depth extensions or large-scale step-out drilling).*	Structural interpretation of airborne magnetic survey to assist in target generation follow-up with drilling.
	Diagrams clearly highlighting the areas of possible extensions, including the main geological interpretations and future drilling areas, provided this information is not commercially sensitive.	See figures in body of report.